

Week 5 Financial Football Game Information

Checking Account Management

Checking accounts are almost a necessity for adults to have. With the new technology today you may use paper checks, electronic checks or online checks. No matter which form you use it is important to understand the basics of how a checking account works.

Opening an Account

To open a checking account, you need to bring an initial deposit and fill out forms including a signature card. The signature card is what the bank uses to verify that you actually signed a check. **It is important to sign your signature card just as you plan to sign checks in the future**

Writing a Check

A check is a written order instructing a bank to pay money from a deposit account that is payable on demand. It is also called a **demand deposit**. Special numbers at the bottom of the check are used to process the check. Your account number is also printed in these numbers, which are called MICR numbers. **MICR stands for Magnetic Ink Character Recognition** which means that machines can read the numbers. When writing a check, remember to

- **Write in ink.
- **Fill each space in.
- **Draw a wavy line through any blank space.
- **Use the correct date
- **Sign the check only when it is completely filled out.
- **Sign the check just as you signed the signature card.
- **Use the memo line to keep a specific record of your spending.
- **Keep a record of each check, ATM transaction and deposit in your checkbook register

The image shows a sample check from Green Giant National Bank. The check is addressed to Robin S. Roberts at 165 Reynolds Street, Green Valley, Illinois. The check number is 108. The date is 19___. The MICR line at the bottom is 0710 12348 58705190108. The check is payable to the order of [redacted] for \$ [redacted] dollars. The memo line contains the text 'GREEN GIANT NATIONAL BANK'. The check is annotated with red circles and letters A through F:

- A**: The date line.
- B**: The name of the person or business being paid (the 'PAY TO THE ORDER OF' line).
- C**: The amount in numbers (the '\$ [redacted]' box).
- D**: The amount in words (the 'DOLLARS' line).
- E**: The MICR line at the bottom.
- F**: The memo line.

A= the date(words are better than numbers) B= the name of the person or business that you are paying C= the amount in numbers D= the amount in words with change in a fraction E= your signature F= a reminder to you or your account number at the company you are paying

Using the Checkbook Register

The checkbook register allows you to keep a record of all your payments and deposits. When you use it properly, you always know how much money you have in your account. This will help prevent **bounced checks** which are checks that do not have enough money in the account to cash and incurs a bank fee as well.

**Record your checks and deposits and ATM withdrawals immediately before or after you make them

**Use the register to help you balance your checkbook once a month

**Keep the running total up to date; add deposits to your balance and subtract checks and ATM withdrawals.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT		✓ T	FEE (IF ANY) (-)	DEPOSIT/CREDIT (+)	BALANCE	
			(-)	(-)					
								56.18	
	8/1	DEPOSIT					72.00	72.00	
								128.18	
106	8/3	VARIETY RETAIL	22.95					22.95	
								105.23	
107	8/11	DAVE'S RECORDS	9.95					9.95	
								95.28	
	8/15	ATM withdrawal	20.00					20.00	
								75.28	

Endorsing a Check

By endorsing a check made out to you, the check may be exchanged for cash, goods, or services, or credited to your bank account. Your signature on the back of the check is an **endorsement**. It says that you accept responsibility for the check, even though you didn't write it.

To cash a check you may use a **blank endorsement. This is just your signature on the back of the check. Do not sign the check until you are at the bank!

To deposit a check, use a **restrictive endorsement. This means that you are restricting what can be done with the check. It may only be deposited. On the back of the check you would write "For Deposit Only" and then sign it.

If someone has spelled your name wrong or used your nickname you need a **corrective endorsement. This means you sign your name the way it is wrong and then sign your name the way it is on the account.

If you want to transfer the check to someone else you use a **special endorsement. On the back of the check you write "Pay to the order of John Doe" and then sign it.

The deposit slip

This is a form used when you want to add money to your account.

**List and identify each check you are depositing by listing it separately in the check section. If you have a lot there are more spaces on the back of the slip.

**Endorse the checks.

To get cash back from a deposit, fill in the amount you want back on the **less cash received line.

**Always get a receipt for your deposits and record them in your checkbook register.

DEPOSIT TICKET	
ROBIN S. ROBERTS 165 REYNOLDS STREET GREEN VALLEY, ILLINOIS	
DATE _____ 19 _____	
GREEN GIANT NATIONAL BANK	
⑆780 1234⑆ 45 870 519	
<small>CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT</small>	

CASH		
LIST CHECKS SINGLY		
AMOUNT FROM OTHER SIDE		
TOTAL		
LESS CASH RECEIVED		
TOTAL DEPOSIT		

2-1234
0710

USE OTHER SIDE FOR ADDITIONAL LISTING
BE SURE EACH ITEM IS PROPERLY ENDORSED

Balancing Your Checkbook

Your bank will send you a record of all the activity that took place in your account over the past 30 days called a **bank statement**. As soon as you receive this statement, use it to check your balance with the bank's balance. On the statement the bank supplies you a form to do this. Here are the steps that you will need to do.

1. To find your adjusted checkbook balance, subtract any bank charges from your current checkbook balance.<P>

2. To find your adjusted statement balance

**In the register, check off all checks and deposits that appear on the statement

**List and total all deposits that you made but the bank hasn't recorded

**add these outstanding deposits to the current statement balance

List and total all **outstanding checks(checks that you wrote but have not been cashed yet)

**Subtract the outstanding checks from the sum previously obtained.

3. Compare the adjusted checkbook balance to the adjusted statement balance. They should be equal.

If they do not match

**Check how much the balances differ so that you know how much you are looking for

**Double check the recorded amounts. Compare the amounts of the cancelled checks in your statement with amount you actually wrote in your checkbook. Compare deposit amounts as well.

**Double check your math. If the error is a whole number, such as \$1 or \$5, it almost always means a math mistake.

**Double check for a missing item. Look over both the statement and the register to see whether you have left anything out.

**If all else fails visit the bank and ask for help. Banks do make mistakes as well.

Credit given to: American Bankers Association "Personal Economics Program"