How to Balance a Checkbook



Balancing your checkbook can give you a firm knowledge of how much money is in your account. It can help prevent you from bouncing checks, make up a simple budget, and detect errors from your bank.

1. **Keep a check register.** Write down all transactions, not just checks.

- Many checking accounts come with a simple check register booklet that you can use.
- If you do not have one, stop by any one of our locations and get one for free.
- 2. **Find out your current balance** on the account you wish to track. You can get this from a bank statement, ATM ticket, or by phoning or visiting the bank. Write this balance in the box at the top of the page or on the empty first line with a note such as "balance forward".

TRANS. TYPE DATE	DATE DESCRIPTION OF TRANSACTION		PAYMENT/ PECF- DEBIT(-) Indim		\$ 300.00		
			1.		-		
Constant States				-			

• Remember that there may be checks or electronic debits that haven't cleared yet, so today's figure, while correct, could be missing a part of the story. If you're not sure, keep an eye on your account and check the balance again a few more times in the weeks to come. Also, read your next statement carefully when it arrives and incorporate any transactions you may have missed.

3. **Record all the transactions**.

• Record all checks that you write. Write down the check number, the date, the payee (who you write the check to), and the amount of the check.

	DATE	DESCRIPTION OF TRANSACTION	PAYME			300	.00
1104	4/24	Groceries	20	52		279	48
			-			-	
			100		Carlot Hard	1000	
			-				

- Record any withdrawals or payments you make from that account. If you withdraw money from the bank or ATM, or if you purchase something using an ATM or debit card, write down the amount of the purchase. If there is a fee for using the ATM, write down that amount also.
- Record any bills you pay online. If your online bill payment service gives you a confirmation code, you may wish to jot this code in your check register alongside the payee information.

٠	Record any deposits or transfers of money into or out of the account.
---	---

	DATE	DESCRIPTION OF TRANSACTION	PAYR				300	.00
1104	4/24 4/26	Groceries Deposit	20	52	100	00	279	48 48
	-							

- 4. **Regularly recalculate the balance** in the account. You can do this at each transaction, or you can do this less frequently, for example when you sit down to do bills. If you have a history of bounced checks, you should do this at every transaction or every other transaction.
 - Subtract the amount of any expense, payment, check, or withdrawal from the total.
 - Subtract any transfer out of the account.
 - Add the amount of any deposit, credit, or transfer into the account to the total.
- 5. Write the new balance after each transaction in the rightmost column.
- 6. **Reconcile your checkbook** when your statement arrives.

	DATE	DESCRIPTION OF TRANSACTION	PAYMENT / PEL4-) DEBT (-) and m			CREDIT (+)		\$ 300.00	
1104	4/24 4/26 4/30	Groceries Deposit Interest	20	52	100		279 379 351	48 48 51	
	-								

- Compare your check register to your statement and check off which transactions have cleared.
- Add any interest that the bank has paid you.
- Subtract any fees that the bank has charged you.
- Check that the transactions in your account register match what the bank says you did. Make sure that your recorded balance matches what the bank thinks you have, not including any transactions that haven't yet cleared and aren't listed on the statement.
- 7. **Correct mistakes.** If you find any discrepancies between your numbers and your bank's numbers, figure out where they came from.
 - Check your math. Make sure you added and subtracted everything correctly since the checkbook last balanced correctly.
 - Look for missing transactions. Did you forget to write something down? Has something not cleared or have you recorded something that happened after the statement date?
 - Subtract the balance in your check register from the balance on the statement. Does the amount match the amount of one of the transactions? If so, that transaction has probably not been accounted for correctly yet.
 - Find out if all your checks have cleared. The money taken out for checks and certain other payments may not be taken out immediately. If you think a check or other payment has not yet cleared, subtract the amount of that check from the bank's balance and see if it matches yours. One way to stay on top of this is to check your account regularly and put check marks next to every check that's already cleared.
 - Bring errors to the attention of your bank, if you find them. Often, a phone call or visit can clear up confusion about errors or inappropriate fees.
- 8. **Finish balancing.** Once everything is balanced you may want to draw double lines under the balanced amount in your check register. That way the next time you go to balance you have an idea of the last known correct amount in your register. This helps with figuring out where an error is in the check register the next time you balance.

- You may wish to use two lines for each transaction so that you have additional space to write. Whichever method you choose, be consistent.
- If you have two or more people making payments from the same account, touch base with each other as often as possible so you can each record the payments in your individual checkbooks.
- Balancing your checkbook is an excellent opportunity to total up the amount of money you spend each month and look for ways that you could save money next month.
- Keep a separate register for each account you wish to track.
- Try to save up a "cash cushion", some minimum amount of money that you save in case of emergencies. Then, try not to let your balance drop below this point.
- For many accounts, maintaining a specified minimum balance can help you to avoid account fees. Some banks also waive fees if you have direct deposit of your paycheck. Read the fine print and ask your bank if you're not sure about the fees they charge.
- For better record keeping, you should know the bank's clearing schedule. Local checks and non local checks clear differently. Most local checks clear in 2 business days AFTER the day of the deposit. Most non local checks clear 5 days after the day of the deposit. Knowing when the funds are available for withdrawal will keep you from overdrawing your account.
- Regarding the "Correct mistakes" section above, subtract the balance in your check register from the balance on the statement. If that technique did not work, try this if the difference has an even number of pennies. Divide the difference by 2. Does this new amount match the amount of one of the transactions? If so, that transaction was probably added instead of subtracted or vice versa.
- Expect checks and other payments that have not cleared yet to clear soon. Just because the money from uncleared payments is still in your account does not mean it is yours to spend on other things. If a payment clears and your account balance turns negative, then the bank will fine you.

If you ever have a problem balancing your check register, please stop in and see one of our Customer Service Representatives or call 620-241-3732.