

# How To Balance Your Checking Account

## Overview

Fewer and fewer Americans are balancing their checkbooks today. As banking becomes more electronic, it is easy to push by the wayside. To some, it might seem like a waste of time. Others may find the task too daunting to even begin. Some people just don't care.

Regardless of the reason, we want out members to break the norm! The fact is, regularly balancing your checking account has a number of benefits.

These include:

- Fraud Detection
- Mistake Detection
- Fees Reduced /Eliminated
- Budgeting Simplified

Redbrand Credit Union is here to help our members succeed financially. Checkbook reconciliation is an important piece of that equation. Please take some time to review this information.

**Reconciling your checking account monthly may take a little extra time, but it can help save A LOT.**



# How To Balance Your Checking Account

## Definitions

**Current Balance:** The balance in the account as the Credit Union knows it. The *running balance* may be different; outstanding items must be deducted from the current balance to attain the correct balance.

**Running Balance:** The actual amount in the account. This should be the balance in your properly kept check register.

**Check Register:** An accounting sheet that fits in your checkbook cover that is used to keep track of your balance .

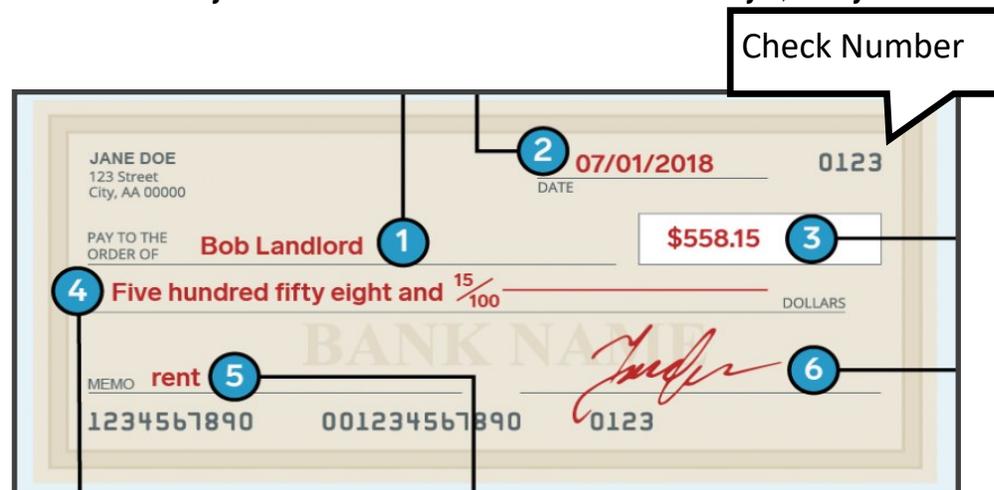
**Outstanding Items:** Transactions that have been authorized against the account, but haven't yet been deducted from the *current balance* in the account.



# How to Authorize Payments

## Write Checks:

1. Name to whom check is being made payable to (who you're paying)
2. Today's date
3. Dollar amount you want to pay, written in number format
4. Dollar amount you want to pay, in written format
5. Memo Line (not required)
6. Signature of person authorizing payment (check writer), must be authorized on account.
7. Expect payment to debit your account in 1-15 business days; may take longer



## ACH (Electronic Debit with routing info):

1. ACH Debit s are permitted on checking accounts only.
2. Merchant needs routing information along the bottom of your checks
3. If you don't have checks, using routing # and account #
4. Expect payment to debit your account in 1-7 business days; may take longer

# How to Authorize Payments

## Debit Card:

1. Transactions are permitted to the authorized cardholder
2. Card can be used on two main networks: ATM (PIN based) or VISA
3. For transactions made on ATM network the daily limit is \$310.
4. For transactions made with VISA Check Card (aka Debit Card), the daily limit is \$1,000. This may be increased (with proper security verification) by contacting the Credit Union.
5. ATM transactions typically clear the account immediately.
6. VISA Check Card transactions aren't automatically debited from the account, they go through a process.

The first phase is authorization. The merchant is certifying that they will receive their funds at this time. Funds aren't actually transferred to them immediately.

The second phase is settlement, in which the funds debit the account. This typically happens within 24-48 hours of the purchase, but can take longer. To help members from spending money that is already allocated, a hold is placed on the account for the amount authorized by the merchant. This hold falls off after the debit posts or at the end of the business day.

As it is common for transactions to still be outstanding, but without a hold on the account, it is critical that all transactions be recorded in the register to safeguard against overspending.

## Online Bill Pay:

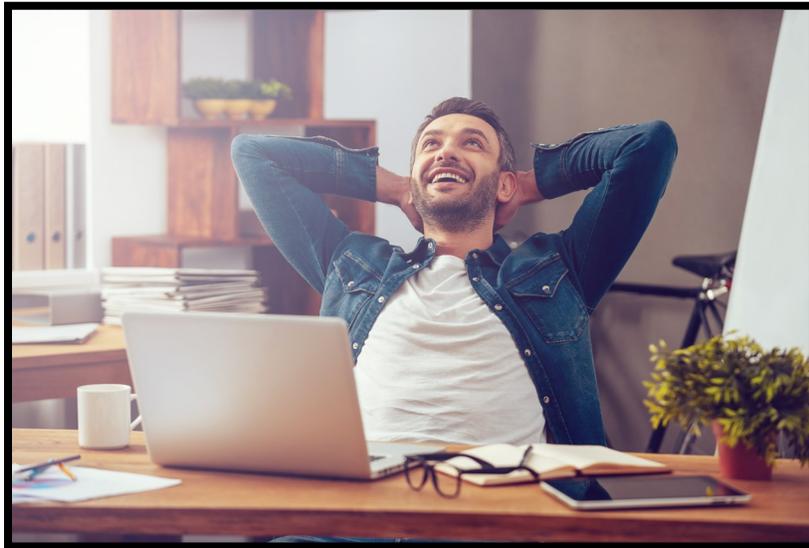
1. Log into Home Banking or Mobile Banking
2. Go to Bill Pay
3. If the payee is not already set up, enter payee info.
4. Select the payee, enter dollar amount.
5. Electronic Payments are processed via ACH. Merchant typically receives these within 2-3 business days. Funds are debited from the account by next business day
6. Check Payments takes longer. The merchant typically receives payment in 3-5 business days. The funds are debited from your account after the merchant's bank processes the check. Funds typically debit the account in 7-15 business days.



# How To Balance Your Checking Account

## Putting All Together

- Record EVERY transaction in your check register
- Compare check register to statement (Home Banking history works too!)
- In check register: place a check mark next to all items that have posted to account
- Subtract all outstanding items from current balance (balance CU has)
- Difference should match the running balance in the check register
- If it doesn't balance the first time, try again! Take a minute to review your work. See Helpful Hints for troubleshooting help.



**“You must gain control of your money or the lack of it will forever control you.”**

**-Dave Ramsey**

# How To Balance Your Checking Account

## Troubleshooting and Helpful Hints

### Helpful Hints:

- Record EVERY transaction in your check register
- Keep receipts until they are recorded in the register
- For jointly owned accounts, communication prior to making larger purchases and update the register frequently
- DO NOT add deposits to check register prior to them posting to the account
- Record ATM withdrawals for the amount including a fee, if applicable
- Keep a list of recurring withdrawals and the earliest date they can be withdrawn in the front of your register. Make sure to record those items on the date of earliest withdrawal.

### Troubleshooting Helpful Hints:

- Verify that all transactions on the statement are in the register
- Verify that all transactions in the register are on the statement
- Verify the math in the register
- Verify that all transactions are the same amount in both the register and the statement
- If the amount you are off is divisible by 9, check for transposition s (eg, 27 in stead of 72)

