Oklahoma’s Personal Financial Literacy Passport

Standard 4: The student will demonstrate the ability to balance a checkbook and reconcile financial accounts.

Standard 4. Managing a Bank Account
Lesson 4.1 – Tracking Your Money
Handout 4.1.1 – Your Check Register
Explain the reasons for balancing a checkbook and reconciling an account statement.

Describe and compare the most common financial products and services (e.g., checking, credit cards, Automated Teller Machines (ATMs), savings, loans, investments, and insurance.

Develop and apply banking account management skills (e.g., correctly write, endorse, and deposit checks; balance a checkbook, including debit withdrawals and fees; and reconcile and monitor checking and savings account statements).
Standard 4. Managing a Bank Account

Tracking Your Money
Explain the importance of reconciling a bank statement.
Distinguish between using a check, ATM machine, and a debit card.
Demonstrate the ability to balance a checkbook and reconcile a statement.
Alexis stops at the ATM on the way home.

She only needs $25, but the machine refuses to give her any money!

Mom suggests she stop at the bank to see what has happened.

Alexis goes in the bank to meet with Ms. Poindexter, who reviews her account.

What do you think the problem is? Was the machine wrong not to give her money?
Cache

- Automated Teller Machine
- Check
- Debit Card
- Reconcile
Why do people write checks?

Why is it important to keep track of the checks they write?

Why do people choose to use their automated debit card instead of writing checks?

What are the cost benefits of writing checks or using credit cards?
Check and debit card transactions are almost instant, so it is very important to have the money in your account when you use them.

Check – a written document ordering a financial institution to transfer money from your account to another account.

Debit Card – a plastic version of a check.
Two reasons for using checks instead of cash:

• Checks are convenient and safe.
• Cash cannot be replaced if lost or stolen.

Many banks offer free accounts, but some charge fees. Explore options to get the most for your money.
Most bank accounts come with a debit card.

Debit cards are easy to use but it can be difficult to remember to write down your transactions.
Writing a Check

Step 1 – Current date
Step 2 – Name (Payee)
Step 3 – Dollar amount (numbers)
Step 4 – Dollar amount (words)
Step 5 – Sign your name
Step 6 – Notes about the transaction

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Writing a Check

<table>
<thead>
<tr>
<th>Check Number</th>
<th>Date</th>
<th>Description of Transaction</th>
<th>Payment/Debit (-)</th>
<th>Fee</th>
<th>Deposit/Credit (+)</th>
<th>Balance</th>
</tr>
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<tbody>
<tr>
<td>2/20</td>
<td>Opening Deposit</td>
<td>$</td>
<td>$200 00</td>
<td>$200 00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2/26</td>
<td>Coffee Mart</td>
<td>19 75</td>
<td>19 75</td>
<td>180 25</td>
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<td></td>
</tr>
<tr>
<td>3/12</td>
<td>ATM</td>
<td>100 00</td>
<td>100 00</td>
<td>80 25</td>
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<td></td>
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<tr>
<td>3/22</td>
<td>Deposit</td>
<td>30 00</td>
<td>30 00</td>
<td>110 25</td>
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<tr>
<td>3/23</td>
<td>Deposit</td>
<td>50 00</td>
<td>50 00</td>
<td>160 25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3/23</td>
<td>Cash Back from Deposit</td>
<td>25 00</td>
<td>25 00</td>
<td>135 25</td>
<td></td>
<td></td>
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<tr>
<td>3/18</td>
<td>Monthly Fee</td>
<td>2.00</td>
<td>2.00</td>
<td>133 25</td>
<td></td>
<td></td>
</tr>
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</table>

⚠️ Step 7 – Write the check number, date, payee, amount of the check or ATM transaction.

⚠️ Step 8 – Subtract amount of check from the balance.
Depositing Money Into Your Account

1. Write today’s date.
2. Write down any currency deposited by the word “Currency.”
3. Write down any coins deposited by the word “Coin.”
 Depositing Money Into Your Account

Step 4 - Write checks down individually.
Step 5 – Total deposits and write in space marked “Subtotal.”
Step 6 – Write down cash withdrawn following the words “Less Cash Received.”
 Depositing Money Into Your Account

- **Step 7** – Subtract cash received from subtotal and write that amount after “Net Deposit.”
- **Step 8** – If withdrawing cash, sign your name on the line below the date.
Managing Your Account

Key to managing your account – write down every deposit, withdrawal, and fee charged to your account!

If you fail to accurately track your account, you may find that your account is “overdrawn” or that you have “insufficient funds.”
Managing Your Account

- You may be charged substantial fees for writing an insufficient or “bad” check.
- You can be fined or put in jail for careless or criminal behavior for writing insufficient checks.
- “Overdraft protection” is available, but it will cost you.
Reconciling Your Statement

- Bank statement – a record of all account transactions in the past month.

- Reconciling your statement - comparing your records to the bank’s records
  Allows you to check for errors in recordkeeping – both yours and the Bank’s!
Steps to reconciling your statement:

• Step 1 – Record balance in your check register.
• Step 2 – Subtract any bank charges.
• Step 3 – Find the ending balance on your statement and add deposits not included on your statement.
• Step 4 – Subtract withdrawals not included on your statement.

Amount remaining is your current account balance.
Managing your accounts will help you to:

- Build financial independence.
- Avoid spending money on unnecessary fees by practicing good money management skills.
- Keep accurate records to avoid overdraft and hot check charges.
Is it okay to write a “hot check?”

What is a deposit slip used for?

When should you “reconcile” your account?

What is the memo line on your check used for?

What kind of information is included in your check register?
Do you suppose Alexis forgot to reconcile her account this month?

If you said, “Yes,” you are correct! She had used her ATM card too many times without writing down the amount, and she had no money left in her account.

Do not let that happen to you!