

CHECKING ACCOUNT

Checking accounts are a common financial service used by many consumers. They can help to manage money and makes paying bills more convenient.



Why do people use checking accounts?

- Reduces the need to carry large amounts of cash.
- Convenience – useful for paying bills instead of cash or money order.
- Written record of expenses – keeps track of where money is spent on the check register and can act as a spending plan tool.
- Safety – using checks is safer than carrying cash.

Funds in a checking account are easily accessed through:

- Check
- ATM
- Debit Card
- Telephone
- Internet

CHECKS

- Legal documents that function like cash.
- Checks can "bounce" if there is insufficient funds, or not enough money in the account to cover the total check amount, in an account.
- A checking account register and checkbook are used to record all transactions.

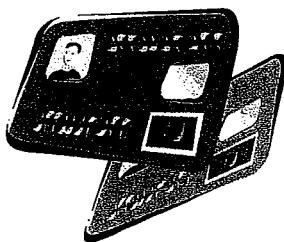


ATM

- Automated Teller Machine that is electronically connected to an individual's bank account.
- Can be used to withdraw cash and make deposits.
- Additional bank fees may be charged.

DEBIT CARD

- Plastic card that is electronically connected to an individual's bank account.
- When purchases are made, money is automatically withdrawn from the bank account.
- Requires a PIN or personal identification number to confirm the user of the debit card is authorized to access the account.



PRO'S

- Convenient
- Small
- Use like a credit card
- Carry less cash
- Does not allow overspending

CON'S

- Can lose track of balance if transactions are not written down
- Opens checking account to credit fraud
- Others can gain access to the account if the card is lost and the PIN is known

ENDORISING A CHECK

To deposit a check, it must be **endorsed**. This means the person who receives the check must sign the back of the check to approve it to be deposited or cashed.

TYPES OF ENDORSEMENTS

Blank Endorsement – anyone can cash or deposit the check after the check has been signed by the receiver of the check.

Restrictive Endorsement – more secure than a blank endorsement because the receiver writes 'for deposit only,' and the account number where the money will be deposited, above the signature. This allows the check to only be deposited.

Special Endorsement – the check can be transferred to second party if the receiver signs the back and writes 'pay to the order of (fill in the person's name).'

★EXAMPLES

Endorse Here

X Sally Smith

Endorse Here

For Deposit Only—Acct. # 1234567890

X Sally Smith

Endorse Here

Pay to the Order of Mike Smith

X Sally Smith

Directions: Endorse the three checks below with your signature. The restrictive endorsement is for account number 987654321 and the special endorsement will be paid to Jonathon Smith.

BLANK ENDORSEMENT

Endorse Here

X

DO NOT WRITE, STAMP OR SIGN
BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

RESTRICTIVE ENDORSEMENT

Endorse Here

X

DO NOT WRITE, STAMP OR SIGN
BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE

SPECIAL ENDORSEMENT

Endorse Here

X

DO NOT WRITE, STAMP OR SIGN
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MAKING A DEPOSIT

A deposit slip contains the account holder's account number and allows money (cash or check) to be deposited into the correct account. Checking account deposit slips are located in the back of the checkbook after the checks. Checks must be listed on the deposit slip individually. If more checks are being deposited than fit on the front of the deposit slip, write the extra checks on the back of the deposit slip and write the total amount of the checks from the back on the front where indicated. Deposits can be made at an ATM or with a bank teller. Cash back may only be received if the deposit is made with a teller. If cash is received it is not deposited into the account. The amount deposited must be recorded in the check register to keep the balance current.

★ In the example below, Sally received her paycheck, #5678 from Piggly Wiggly for \$154.01, and a \$20.00 birthday check, #601 from Fran Smith. She is completing the following deposit slip for her checking account. She also wants to receive \$30.00 cash back from the deposit.

DEPOSIT SLIP FRONT

Deposit Slip		93-456-9540		
Sally Smith 500 Great Street Yountown, MT 55555		CASH	Dollars	Cents
Date <u>9/1/06</u>		CHECKS		
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>		LIST SINGLY		
<u>Sally Smith</u>		Piggly Wiggly #5678	154	01
<small>SIGN HERE FOR CASH RECEIVED</small>		TOTAL FROM OTHER SIDE	20	00
Guardian Angel Banking 423 South 15th Yountown, MT 55555		SUBTOTAL	174	01
		* Less Cash Received	30	00
		NET DEPOSIT	\$144	01
0123456789 : 1234567890 "				

DEPOSIT SLIP DESCRIPTION

- Date**—The date the deposit is being made.
- Signature Line**—Sign this line to receive cash back.
- Cash**—The total amount of cash being deposited.
- Checks**—List each check being deposited individually. If more checks are being deposited than number of spaces on the front, use the back of the deposit slip. Identify each check on the deposit slip by abbreviating the name of the check writer and check number.
- Total from Other Side**—The total amount from all checks listed on the back.
- Subtotal**—The total amount of cash and checks.
- Less Cash Received**—The amount of cash back being received.
- Net Deposit**—The amount being deposited into the account. To calculate the amount, subtract the cash received from the subtotal.

DEPOSIT SLIP BACK

CHECKS	Dollars	Cents
LIST SINGLY		
1. Fran Smith #601	20	00
2.		
3.		
4.		
5.		
6.		
7.		
TOTAL	\$20	00
ENTER ON FRONT		

WRITING A CHECK

To pay for items using a checking account, writing a check is one option that can be given to the person or business as a form of payment. To write the check, the account holder must complete the following items on the check in order for it to be accepted: date, payee (to whom the check was written), amount in numerical form and written out, and his/her signature. Immediately record the check into the check register.

★ In the example below, Sally Smith wrote check #301 to Gas 'N' Go for \$15.78.

1 Sally Smith 500 Great Street Yountown, MT 55555	93-456-9540 45086244786	2 301
		3 Date <u>September 2, 2006</u>
4 Pay to the Order Of <u>GAS 'N' GO</u>		5 \$15.⁷⁸
6 <u>FIFTEEN AND 78/100</u> Dollars		
Guardian Angel Banking 423 South 15th Yountown, MT 55555		
7 Memo <u>GAS</u>	8 <u>Sally Smith</u>	
9 0123456789 : 1234567890 : 301		

WRITING A CHECK DESCRIPTION

- Personal Information**—The check holder's name and address; may include a phone number, but not required. DO NOT list a social security number on a printed check for safety reasons.
- Check Number**—Numbers used to identify checks. The check numbers are printed chronologically and should be used in this order.
- Date**—The date the check is being written.
- Pay to the Order of**—The name of the person or business to whom the check is being written.
- Amount of the Check in Numerals**—The amount of the check written numerically; write the cents smaller and underline them. Write the number directly next to the dollar sign to prevent someone from adding numbers to change the amount of the check.
- Amount of the Check in Words**—The amount of the check written in words. Start at the far left of the line. Write down the dollar amount in words first, then write "and" after the words, and finish by writing the amount of cents over the number 100. Draw a line from the end of the writing to the end of the line.
- Memo**—Space to identify the reason for writing the check. It is a good place to write information requested by a company when paying a bill, generally the account number.
- Signature**—The account holder's signature agreeing to the transaction.
- Identification Numbers**—The first set of numbers is the routing numbers to identify the account's financial institution, the second set is the account number, and the third set is the check number.

PRACTICE WRITING CHECKS

Directions: Write check # 302 below to "Aspen Properties" for rent in the amount of \$375.00 on September 3, 2006.

Sally Smith
500 Great Street
Yourtown, MT 55555

93-456-9540
45086244786

302

Date _____

Pay to the
Order Of: _____

\$

Dollars

Guardian Angel Banking
423 South 15th
Yourtown, MT 55555

Memo _____

0123456789 : 1234567890 : 302

Directions: Write check # 303 to the "Hungry Man" for food in the amount of \$27.32 on September 6, 2006.

Sally Smith
500 Great Street
Yourtown, MT 55555

93-456-9540
45086244786

303

Date _____

Pay to the
Order Of: _____

\$

Dollars

Guardian Angel Banking
423 South 15th
Yourtown, MT 55555

Memo _____

0123456789 : 1234567890 : 303

Why is good penmanship important when writing checks?

What color pen should be used when writing checks? Why?



Check Clearing for the 21st Century Act (Check 21) Prior to Check 21, a customer would write a check to pay for a service or product, and have several days before the money would transfer from the customer's bank account to the service provider's bank account. Now, because of Check 21, the check is sent electronically to the customer's bank and the money is withdrawn automatically, therefore, a person must have money in his/her account before writing the check. Check 21 is similar to the debit card process. Many stores are moving toward using this technology to avoid receiving bad checks.