

Balancing Your Checkbook

With only a little effort and discipline, you can keep track of your money by balancing your checkbook each month. A balanced checkbook not only helps you keep tabs on your cash flow, but alerts you to the fees you pay for banking services and warns you about problems (like errors in your checking account or overdrawing your account).

Ledgers and electronic documents. Your checkbook comes with a ledger in which to record the checks you write, your deposits, and your automated teller machine (ATM) withdrawals. By comparing your ledger against your monthly bank statement, you'll be able to keep a fairly accurate account of your financial transactions and detect errors.

Although bank statements are usually correct, errors can and do occur. Cross-check your records — especially your ATM receipts and deposit receipts. Most banks will allow you 60 days from the date of the statement on which the error first appeared to report any mistakes that you find.

Instead of mailing your canceled checks with your statement, many banks now send images, which are electronic reproductions of your original checks. While some people feel more secure in receiving their actual paper checks, the imaged versions are equally acceptable as documentation and are becoming the norm. Even the IRS accepts electronic documents as proof of payment.

Balancing your checkbook. Just follow these easy steps:

- Make sure all deposits shown on your bank statement, including any interest on your checking account or direct deposit, are added to your checkbook register.
- Make sure all withdrawals shown on your statement, including account maintenance fees, ATM fees, and automatic payments, are subtracted in your checkbook register.
- Calculate the current balance of your checkbook as of the last transaction you made.
- The following worksheet provides five quick steps for balancing your checkbook.

(more)

