

DCC Dollars & Sense

Volume III, Issue 8

August, 2007

The ABC's of Balancing Your Checkbook

- A. ***Start with the balance.*** Write down how much money you have in the account; this is the amount you can spend or add to.
- B. ***Document every transaction at the time of the transaction.*** Examples: Your balance is \$100. You use your debit card to fill the car with gas for \$45. Write that down. Now your balance is \$55. Write it down. You received \$50 for your birthday and you go to the bank to deposit it. Write that down. Now your balance is \$105. Write it down. You stop at the store and use your debit card to buy socks and a baseball cap totaling \$17.30. Write that down. Now your balance is \$87.70. Write it down.

Sounds repetitive? It is; it's the science of keeping track of the money we have and making sure that our balance is all that we spend.

This mundane task can become tricky. For example, what if your monthly utility bill is set up on automatic withdrawal (the utility company automatically withdraws the amount due on the same date each month)? This requires that you leave money available for this transaction to take place. If your utility bill varies month to month, make sure to keep the average plus an additional \$20 available.

Let's illustrate this. In April, the utility bill was \$65. In May, it was \$75. In June, it was \$70. The average of this bill is \$70 (add April's \$65 to May's \$75 to June's \$70, then divide the sum by the amount of months, in this case – three). So you would leave \$90 available in your bank account for this bill each month.

- C. ***Compare your calculations with the bank's calculations.*** It's best to double check your checkbook register with what the bank reflects online. Do this daily; it could be the few minutes out of your day that will ensure you're on track and save you costly errors. For example, did you remember to log the ATM withdrawal transaction fee? The bank didn't, and you will catch it when you compare your calculations. In addition, the more you do this, the more familiar you will become with the fees and charges, therefore minimizing the chances of forgetting to factor them in.

Practicing the steps above will let you know the money you have available. Part of getting a handle on your finances means not depending on overdraft protection; it is a type of credit that banks profit from at the account holder's expense. Spend only what you have. If the cash is not in your wallet or your checking account, don't spend it. It really is as simple as ABC.

See sample below.

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Check Register

Number	Date	Description of Transaction	C	Debit (-)	Credit (+)	Balance
	8/1/07	Previous balance			\$100.00	\$100.00
	8/2/07	Gas for car		\$45.00		\$55.00
	8/5/07	Deposit, Birthday cash			\$50.00	\$105.00
	8/5/07	Sporting Goods Store		\$17.30		\$87.70

Complete this section to balance this statement to your transactions register.

Month: August

Year: 2007

Bank Balance shown on statement	\$100.00	Your Transaction Register Balance	\$87.70
Add(+)		Add(+)	
Deposits not shown on the statement	\$50.00	Other credit shown on	0
	Total: \$150.00	this statement but not	
Subtract(-)		in transactions register.	
Checks and other items outstanding but not paid on this statement (if any)		Add(+)	
Gas For Automobile	(\$45.00)	Interest paid (for use in balancing	0
Sporting Goods	(\$17.30)	interest-bearing accounts only)	
	Total: (\$62.30)	Subtract(-)	
Balance: \$87.70		Any service fees or other cost	0
		not shown in statement	
		Balance: \$87.70	