

DCC DOLLARS & \$ENSE

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Balancing Your Bank Accounts

We're always looking for ways to save money. We find that many people are spending money on bank fees that they're not necessarily aware of or didn't remember.

Do you balance your checkbook regularly? Do you still find your balance going into the negative or overdrawn? Maybe your balance stays in the positive and you miss noticing fees altogether. It can be alarming to realize the fees we're charged for using certain bank services or making small mistakes or miscalculations, and the ones we incur when not paying attention.

The following are some bank or merchant charges to be aware of when balancing what we spend versus what we have.

- > ATM withdrawal fees
- > Debit transaction fees
- > Minimum balance fees
- > Return check fees
- > Overdraft fees
- > Online banking fees

Balancing your checkbook regularly means that every penny spent and every fee assessed is documented in the checkbook register, and subtracted from the balance. The key to doing this effectively is to enter every purchase, debit, or withdrawal into your register as soon as the transaction is complete. Remember to subtract fees assessed for common services such as ATM use. When using an ATM from a bank or facility that is not your own bank, it's common that there may be two fees, one from each bank.

Here are some possible scenarios of how we assess charges:

We go to the gas station and use our ATM/Debit card. The amount is subtracted from our bank balance, but since we don't make a note of it and later forget to take it into account when we're making the next purchases, we may end up with overdraft or returned check fees.

We stop to withdraw cash from an ATM serviced by another bank. We get a fee from the bank providing the service, and most likely from our own bank as well. Sometimes using another bank's ATM service is unavoidable; maybe your own bank is not conveniently accessible. Remember to log the fees. Note too that some banks give limited ATM use even if you're an account holder. Know your limit (how many ATM transactions you're permitted per month), and log the fees.

Our next payday is approaching and we write checks or pre-schedule paying them online. Our payday arrives and our pay is not what we anticipated, or maybe there's an error in our pay. Now we have payments floating without sufficient cash to cover them. If we have overdraft protection, our bank may honor our payments, but they will charge a fee. If we do not have overdraft protection, our payments will return, and the payees will most likely charge a fee as well.

Tips

1. Enter every transaction into your checkbook register as soon as the transaction is complete. An alternative is keeping receipts for every transaction, and balancing at the end of each day. In today's fast paced environment, this can seem tedious or time consuming, but it can quickly become a habit that can save us a considerable amount of money.

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2. Match up your checkbook register with your bank statement. This is a good exercise to verify your records, and pick up on any errors. If your bank offers free online banking, this can be done easily and frequently.

3. Only spend money that you already have.

4. Become familiar with the fees your bank charges, and the conditions under which they charge them. And pay attention to the fees charged by banks or merchants.

5. Leave at least a small cushion available. For example, you may leave \$50 available in your bank account to cover any charges that you may not already be aware of, or to serve as a cushion for an occasional forgotten fee. This will help ensure that you're not penalized. You decide what amount works as your safety net, and remember to replenish it when you've used it.

In summary, make sure to balance your checkbook regularly and reconcile your records with those of your bank. You might be surprised by how much you can save.