



Checking 101





Checking 101

Checking Account Basics

- A check is a written order that represents cash
- Credit Union checking accounts are also called SHARE DRAFT accounts
- A share draft is equivalent to a check, and is accepted almost anywhere

How Does It Work?

- You write out a check to a store for payment
- The store accepts the check as payment, and deposits it into their bank account
- That bank sends the check to the Federal Reserve Bank
- The Federal Reserve Bank cashes the check and pulls the funds from your account

Choosing a Checking Account

When shopping for a checking account, compare the following:

Fees & Fines

Service charges are usually based on the number of checks you write a month, your minimum balance, and other accounts you have.

Interest

Some checking accounts pay interest if they maintain a minimum balance. Generally, the higher your balance, the more interest you'll earn, and the fewer fees you'll pay.

Minimum Balances

Many accounts require you to keep a minimum amount of money in your checking account to avoid service fees.

Checking/Share Draft Tips

- Never accept a check that appears to be altered, and don't make changes to checks written to you.
- Never make a check payable to "Cash" or "Bearer"; this will allow anyone to cash it.
- Destroy blank checks and deposit slips you won't use.
- Sign the check last, if you sign it before you fill-in the name of the person you're paying and the check is stolen, anyone can fill in their name and cash it.
- If a teller asks you for identification it's only because it's a security measure that protects your money.
- Save your checking receipts and statements for seven years. You may need them for tax purposes.



Checking 101

Overdrafts

If you write out a check, but don't have adequate funds in your account, you will overdraw your account. When this happens, whoever the check was written to will return it to us (or "bounces"). They will typically charge you a fee, and we will always charge you a fee.

This can be VERY pricey, and it's against the law. It's important to balance your check book as often as possible so you always know how much money you have.

Overdraft Prevention

If you have a Penn State Federal checking and savings account, you have automatic overdraft protection. This means, if you write out a check, but don't have the funds to cover it in your checking account, we'll pull the remaining funds from savings account. We charge a \$2 fee each time you use this service.

Electronic Money

Here are two ways to electronically access your money:

1. Automated Teller Machines (ATM) - allow you to get cash, transfer money between accounts, and make deposits. Watch for service fees at non-Penn State Federal ATM machines.
2. VISA Debit Cards- may be used anywhere VISA is accepted. They act as checks, taking funds directly out of your checking account. You simply slide your card through a machine at point of sale; you may use it as either credit (you'll have to sign) or debit (you'll use your PIN)-but remember your funds will ALWAYS be taken out of your checking account.

Stop Payments

If you've written a check for merchandise or a service and are unhappy with what you've purchased, you may do a "STOP PAYMENT". A stop payment means you order us not to honor a specific check you've written. You'll be charged a fee for the service.

Keeping Your Money Safe

- When choosing your PIN, make it a random number, not a predictable one such as your birthday or address.
- Memorize your PIN. Don't share it with anyone else or write it on your ATM or Debit Card.
- If you lose your card, contact Penn State Federal IMMEDIATELY; you will be issued a new card and your old card will be deactivated.
- Avoid withdrawing cash at night or use well-lit or drive-up ATMs.
- Limit the amount of cash you withdrawal each month and save your ATM receipts.
- To avoid overdrafts, enter all of your electronic transactions into your checkbook register.



Managing Your Checking

Depositing a Check

- Before cashing or depositing a check, it must be endorsed (or signed).
- You must sign the check on the backside and exactly match what's written on the Pay to the Order line on the front of the check.
- If your name is misspelled on the front, first sign the way it was made payable, then sign the correct way.
- If you plan on depositing the entire amount of a check, write "Deposit Only" under where you've endorsed the check; this will prevent it from being cashed if lost or stolen.
- If you want to sign a check over to someone else, you must write "Pay To The Order Of _____", and then sign; the check now becomes this persons.

Writing a Check

Although checks and share drafts come in different designs and colors, check writing requirements are all the same.

1. *DATE*- must be correct, post-dating a check can't stop it from being cashed
2. *PAY TO THE ORDER OF*- must be the exact name of the person or business you are writing the check to
3. *DOLLAR AMOUNT BOX*- must match the amount on the Dollar amount line
4. *DOLLAR AMOUNT LINE*- dollar amount must be written out completely, this amount is the legal amount of the check
5. *MEMO LINE*- is not required to be completed for cashing, it's purpose is for your records
6. *SIGNATURE*- is required by the person writing the check, who must be on the account from where the check is being written

Managing Your Checkbook

- Your checks come with a register for you to record all your transactions.
- In the register, write the amount of each check, the date, and to whom you wrote the check.
- Don't forget to record withdrawals made at the teller line, ATM withdrawals and POS transactions.
- Your checks come with a register for you to record all your transactions.

Balancing Your Checkbook

- Once a month, you'll receive an account statement via mail or e-statement.
- The statement will list your account balance at the beginning and end of the month, deposits, transfers, withdrawals, cashed checks, and fees.
- You must compare the statement to your register to see if the balances match.
- If they don't match, you either missed a transaction in your register, made a math error, a check you wrote hasn't been cashed, or an item hasn't cleared.
- Notify Penn State Federal if you notice any error made on the account.



Examples

Sample Check

Your Name _____ 91-1234/1234 101
 Your Address _____
 Your City, State, ZIP _____ DATE _____

PAY TO THE ORDER OF _____ \$ _____
 _____ DOLLARS

BANK NAME _____
 BANK ADDRESS _____

MEMO _____

⑆ 23456789 ⑆ ⑆ 22222222 ⑆ ⑆ ⑆ ⑆

↑ ROUTING NUMBER (ALWAYS 9 DIGITS) ↑ YOUR ACCOUNT NUMBER

Sample Checkbook Register

MW Checkbook Register

Print Check Bank Account: **Your Checkbook** Posting Date: **08/06/00** **12**

Date	Number Type	Payee/Account	Payment	C	Deposit	Balance
08/01/00	1001	Deluxe Toys	\$122.00	<input type="checkbox"/>		\$878.00
	CHK	Inventory				
08/02/00	1002	Oregon Telephone Co.	\$103.95	<input type="checkbox"/>		\$774.05
	CHK	Utility Expense				
08/02/00		Bank Fee	\$10.00	<input type="checkbox"/>		\$764.05
	FEE	Miscellaneous Expense				
08/02/00		VISA Deposit		<input type="checkbox"/>	\$583.17	\$1,357.22
	DEP	Cash In Drawer				
08/03/00	1003	Candy Makers	\$318.04	<input type="checkbox"/>		\$1,039.18
	CHK	- Multiple -				
08/04/00		Cash/Check Deposit		<input type="checkbox"/>	\$293.75	\$293.75
	DEP	Cash In Drawer				
08/04/00	1004	Office Supply, Inc.	\$33.70	<input type="checkbox"/>		\$260.05
	CHK	Office Supplies Expense				



Reconciling

Reconciling Your Account

STEP 1

Mark in your checkbook register every item that appears on your statement. If there is an item on your statement not listed in your check register, determine if it is accurate. If the item is correct, list it in your check register. If the item is incorrect, call your financial institution immediately to have it investigated.

STEP 2

Your financial institution should provide you with a monthly reconciliation worksheet with your statement. Enter the ending balance shown on your statement.

STEP 3

List the deposits and other credits that are in your checkbook register, but are not on your statement. Add these to your ending balance.

STEP 4

List the checks, ATM withdrawals, fees and other debits that are on your checkbook register, but not listed on the statement. Subtract these from your balance in Step 3 to get your new ending balance.

STEP 5

Write the ending balance in your checkbook register.





Practice

Managing Your Checkbook:

Student Instructions

1. Using the sample checks on the following page, write a check for the first three transactions Highlighted below.
2. Enter all checks, deposits, and ATM transactions on the Sample Checkbook Register Worksheet, using a beginning balance of \$500.00. Follow the correct sequence of dates when completing this exercise.

Checks

Number	Date	TO	Purpose	Amount
6801	9/01	Athletic Shoe Co.	Running Shoes	\$55.63
6802	9/06	Food Mart	Groceries	\$22.36
6803	9/10	Federal Credit Union	Cash withdrawal	\$25.00
ATM	9/17	ATM Cash Withdrawal		\$15.00
6804	9/23	Phone Calls Unlimited	Phone bill	\$26.75
6805	9/28	Energy Plus Utility	Electric bill	\$23.00

Deposits

Date	Source	Amount
9/4	Work paycheck	\$285.00 (you request \$50 cash back)
9/18	Work paycheck	\$330.00
9/18	Birthday Gift cash	\$25.00
9/28	Refund check	\$35.50



6801

① DATE _____

PAY TO THE ORDER OF ② _____ ③ \$

④ _____ DOLLARS

FOR ⑤ _____ ⑥ _____

6802

① DATE _____

PAY TO THE ORDER OF ② _____ ③ \$

④ _____ DOLLARS

FOR ⑤ _____ ⑥ _____

6803

① DATE _____

PAY TO THE ORDER OF ② _____ ③ \$

④ _____ DOLLARS

FOR ⑤ _____ ⑥ _____



Quiz

Checking 101 Quiz

Name: _____

Address: _____

Email: _____

1. Name one thing to consider when choosing a checking account.
2. What must be done before cashing or depositing a check?
3. True or False: You should save your checking receipts and statements for seven years.
4. Name two ways to access your money electronically.
5. Define Stop Payment.
6. How many digits is a routing number?
7. What must you do with your check book to make sure your records are correct?
8. Describe the correct way to endorse a check.
9. True or False: Writing a later date on a check can prevent it from being cashed.
10. What is a bounced check?



Please return to Penn State Federal Credit Union attn. Teen Club or e-mail your quiz answers to clubteen@pennstatefederal.com. Once we receive your answers, you'll receive credit for Checking 101.