

Your Checking Account

Lessons in Personal Banking

STUDENT BOOK

REVISED EDITION

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WALCH  PUBLISHING

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Part 1:
Understanding Your
Checking Account

⌘ Opening a Checking Account

There are several types of checking accounts. The two most common are:

- Draft (Checking) Account**—No minimum balance is required. You will have a monthly service charge or per check charge. Overdraft protection out of an adjoining savings is available. This account can be for a single individual or multiple people.
- Preferred Draft (Checking) Account**—A checking account with no minimum balance requirement or per check charges. You receive unlimited free checks, death insurance, and many other benefits including vacation and travel benefits—all for a small monthly fee. Free overdraft protection is available. This account can be used for a single individual or multiple people.

You must fill out a form before you can open a checking account. This form shows how you write your name. It is illegal for anyone else to sign your name to a check. This form will help the bank protect you against this. A bank manager or assistant will help you open your checking account. Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. Your name, address, date of birth, and other important information that identifies you will be asked for. They may also ask to see your driver's license or other identifying documents. This information helps the government fight against the funding of terrorist and money laundering activities.

Here is an example of this type of form:

Full Name _____
Address _____
City _____ State _____ Zip _____
SSN _____ DOB _____
Driver's Lic # _____
Phone _____
Present Employer _____
Type of Account Desired
Regular Savings ____
Draft (Checking) ____
Preferred Draft (Checking) ____
Other ____
Do you wish to have anyone joint with you on your account? If yes, fill out the information below.
Full Name _____
Address _____
City _____ State _____ Zip _____
SSN _____ DOB _____
Driver's Lic # _____
Phone _____
Member Signature _____
Joint Owner Signature _____

✎ Fill in the blank form below. Use your own name and address. When you finish, have your teacher check it.

Full Name _____
Address _____
City _____ State _____ Zip _____
SSN _____ DOB _____
Driver's Lic # _____
Phone _____
Present Employer _____
Type of Account Desired
Regular Savings _____
Draft (Checking) _____
Preferred Draft (Checking) _____
Other _____
Do you wish to have anyone joint with you on your account? If yes, fill out the information below.
Full Name _____
Address _____
City _____ State _____ Zip _____
SSN _____ DOB _____
Driver's Lic # _____
Phone _____
Member Signature _____
Joint Owner Signature _____

⌘ Applying for and Using an Automated Teller Machine Card and/or Debit Card

An automated teller machine (ATM) card can be used to do the following:

- Withdraw cash from your checking or savings account
- Deposit cash or checks into your checking or savings account
- Transfer money between your checking and savings accounts
- Check the balances in your savings and checking accounts
- Change your personal identification number (PIN) and use it immediately

You can use your card at any network location. The transaction is recorded at your own institution. Some automated teller machines may not be open 24 hours a day, and they may not accept deposits or may limit the deposit you can make.

The following are some features of a debit card:

- Can be used just like an ATM card
- Lets you use money from your checking account without writing a check
- May be accepted by businesses in place of checks
- Helps you manage your money better than a regular credit card
- Offers you cash advances around the world
- Is faster and easier than writing a check

Having either of these cards is safer than carrying a large amount of cash. ATM cards and debit cards are both very convenient because you can still use them when your bank is closed.

If either your card or your PIN becomes lost or stolen, notify your bank. Don't use your cards for another person and don't give them to anyone to use. Remember, do not leave your receipt at the ATM. Take it with you. It is best to keep these receipts so you can check them against your bank statement.

Here is an example of a completed automated teller machine card/debit card application:

(Please Print Carefully)

Chris V. Muhlenkamp
First Name Middle Initial Last Name

55 Park Avenue Elka Park, ME
Street Number City State

99999 207-555-5678 207-555-1234
Zip Code Phone No. (Home) Phone No. (Work)

123-45-6789 02/08/80
Social Security No. Date of Birth

MMC CARD NUMBER: PIN:

Account Type (Checking, Savings)	Account Number	Account Title (Optional)
Checking	0439628321-4	
Savings	0438149175-6	

I (We) have received the rules and regulations that control the use of the MMC card and agree to the terms that govern its use. It is further agreed that I (we) will follow the rules and regulations of the issuing institution that deals with the accounts indicated.

Applicant(s) signature Chris Muhlenkamp Date 09/10/07

This application is filled out for one person to receive a card. Only Chris Muhlenkamp is allowed to use this account.

Fill in the blank card application below. Use your own name and address. When you finish, have your teacher check it. The bank (teacher) will give you a card number and help you choose a PIN.

(Please Print Carefully)

First Name Middle Initial Last Name

Street Number City State

Zip Code Phone No. (Home) Phone No. (Work)

Social Security No. Date of Birth

MMC CARD NUMBER: **PIN:**

Account Type Account Number Account Title
 (Checking, Savings) (Optional)

I (We) have received the rules and regulations that control the use of the MMC card and agree to the terms that govern its use. It is further agreed that I (we) will follow the rules and regulations of the issuing institution that deals with the accounts indicated.

Applicant(s) signature _____ Date _____

⌘ Finding the Best Bank

It is best to shop around when choosing a bank. The services banks offer can vary a great deal, as can the fees they charge. Most banks have pamphlets that explain all their services, fees, and policies. You can also get information on-line from banks' web sites. Compare information from different banks carefully. Then you can decide which would be the best bank for your needs. Study the two ads below. Choose the bank at which you would like to start your account.

Ad 1

Bank of Genessee	
SERVICE CHARGE	
\$250 or less	\$4.00/mo.
\$251-\$500	\$2.00/mo.
Over \$500	none
Per-check charge: \$.08.	
\$.50 charge per ATM use.	

Ad 2

BANK OF BRYANT	
SERVICE CHARGE	
\$200 or less	\$2.00/mo.
\$201-\$400	\$1.00/mo.
Over \$400	none
Per-check charge: first ten checks per month free; \$.09 per check over ten.	
\$.15 charge per ATM use.	

Find the service charge and the cost of the new checks you ordered below. The top portion of a bank statement should tell you the total of the service charge. The example below is only the top portion of a bank statement. The bank statement will be studied later on in this book.

First National Bank	
PREVIOUS STATEMENT 9/2/__, BALANCE OF	1097.43
6 DEPOSITS AND OTHER CREDITS TOTALING	4571.71+
45 CHECKS AND OTHER DEBITS TOTALING	3477.76-
SERVICE CHARGE	3.60-
NEW CHECKS ORDERED	20.00-
BALANCE AS OF 9/30/__	2167.78

⌘ Figure the service charge you would pay if your bank charges you for each check:

May—21 checks at \$.10 for each check. _____

June—29 checks at \$.09 for each check. _____

July—12 checks at \$.08 for each check. _____

In July you wrote a check for \$261.00. Your checking account only had \$259.00 in it. The bank charged you for an overdraft (OD). How much did they charge? Look at the statement below. This is only a part of the bank statement. The overdraft will appear as an OD. The bank also charged an ATM charge. It is listed below the OD charge.

DATE	CK. NO	AMOUNT	DATE	CK. NO	AMOUNT
07/03	4560	5.30	07/16	4563	62.87
07/03	4520	16.32	07/18	4528	84.23
07/09	4523	152.00	07/20	4530	261.00
07/15	4562	68.89	07/20		20.00 OD
			07/20	ATM CHARGE	1.50

⌘ Lost Checks or ATM/Debit Cards

If you happen to lose some blank checks or your ATM or debit card, you should do the following:

- Call the bank immediately. Someone might try to use the checks or card.
- Give the bank the numbers of the lost checks or the ATM/debit card.
- If you find the checks or the card, notify the bank immediately.

The bank will watch for these checks and not pay them. Without your PIN and proper identification, it will be difficult for anyone to steal from your account. The bank will discontinue this card and issue a new one.

⌘ Reconciling Your Checking Account

At the end of each month, the bank will send you a statement. An activity statement, or bank statement, is the bank’s record of your checks, deposits, ATM and debit card transactions, and any fees you might owe. You will use this information to balance your checkbook. On the following page is an example of a bank statement.

Part 2:
Six-Month
Banking Simulation

⌘ Introduction

Now that you know how a checking account works, you're going to practice handling one. On the following pages you will be writing checks, filling out deposit slips, maintaining a checkbook register, recording ATM and debit slips, balancing a checkbook, and keeping track of expenses. If you have any questions, refer to the work you did in Part 1: Understanding Your Checking Account.

Each week of the simulation, you will "receive" a paycheck to deposit. You may also "receive" other miscellaneous checks. Record your deposits on your deposit record sheet, and add them to the balance on your check register.

You will also have weekly and monthly bills, such as electricity, telephone, and rent. Write checks to pay your bills. Then subtract the checks from the balance on your check register. Don't forget to record the ATM or debit card transactions. At the end of the month, make sure that your records agree with the bank's records. Compare your check register to the activity statement for that month. Use the form provided to reconcile your account.

Finally, record all expenses and income on the monthly expenses sheet.

For the first month of the simulation, the checks are printed underneath the bills you need to pay. For the other months, use the blank checks printed at the back of the book. The other forms you will need—deposit slips, deposit records, and check register pages—are also printed at the back of the book. If you need more of any of these forms, your teacher will give them to you. As you work through the simulation, remember to add deposits on your register sheet, and to subtract checks.

To start working on this banking exercise, make the following deposit:

Month of January ---

Week No. 1

Deposit—January 7, 20 ____

- one payroll check, \$465.00
- one check for \$130.00 for some used furniture you sold
- one check for \$5.00 you won in a grocery game

Request \$50.00 back in cash. Use \$35.00 of this cash for car gasoline. The remaining \$15 you can keep track of under "Petty Cash" on your monthly expense sheet. (Petty cash is the cash you get back when you deposit your check. You may use petty cash for various small expenses. In this simulation, the cash is not accounted for in any other way. If the simulation requests that you make an ATM cash withdrawal for a specific purpose, record the expenditure in an appropriate space on the expense sheet. If no specific purpose is given, then list it under "Petty cash.")

Use the given dates on all deposit slips and checks. Always check the bills to see if they have been added correctly.

☞ CHECK NO. 101 | January 7, 20__

MWP		MIDWESTERN PHONE		PAGE 1		
P.O. BOX 1980, JULIES, LA • BUSINESS OFFICE: 555-9873				DATE OF BILL		
				12/01/—		
				12/31/—		
Exchange: LAURAVILLE		REF.	DATE	TIME	TOLLS	AMOUNT
TEL. NO. 555-9876		01	12/02	0453	Celina	.62
		02	12/04	0429	Green	.48
		03	12/05	0637	Wabach	1.16
Your Name		04	12/06	0717	Bryant	5.99
40 Park Street		05	12/08	0802	Honolulu	5.37
Lauraville, LA 45637						
LOCAL SERVICE	OTHER CHARGES	TOLLS	STATE TAX	FEDERAL TAX	PREVIOUS BAL. DUE	TOTAL BILL DUE
10.26	0.00	13.62	.98	.96	0.00	25.82

				101	
				_____ 20 _____ 71-587/749	
PAY TO THE ORDER OF _____				\$ _____	
				_____ DOLLARS	
FIRST NATIONAL BANK					
MEMO _____					
⑆074905872⑆ 251⑆372⑆8⑆ 0101					

☞ CHECK NO. 102 | January 7, 20__

You go grocery shopping and write a check for \$60.82 to Laux Grocery for food.

				102	
				_____ 20 _____ 71-587/749	
PAY TO THE ORDER OF _____				\$ _____	
				_____ DOLLARS	
FIRST NATIONAL BANK					
MEMO _____					
⑆074905872⑆ 251⑆372⑆8⑆ 0102					

☞ CHECK NO. 103 | January 8, 20__

PENNVILLE, LA.

LAURA'S CLOTHING STORE

INVOICE

SOLD BY: _____ CASH _____ CHARGE _____ ON ACCOUNT _____

Quantity	Description	Price	Amount
1	<i>Jeans</i>		<i>\$21.21</i>

Keep this slip for REFERENCE.

103

_____ 20_____ 71-587/749

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

FIRST NATIONAL BANK

MEMO _____

⑆074905872⑆ 251⑈372⑈⑈ 0103

☞ DEBIT CARD TRANSACTION | January 9, 20__
See debit receipt below.

MUHLENKAMP'S BOAT MARINA

DATE 01/09/-
2518-95-1125-5896

QUAN	DESC	AMOUNT
1	Boat Rental	40.23
	Subtotal	40.23
	Tax	2.57
	TOTAL	42.80

✂ **Deposit Slips**

DEPOSIT TICKET																													
DATE _____ 20____ _____ ACKNOWLEDGE RECEIPT OF CASH RETURNED BY SIGNING ABOVE.	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">CASH</td> <td></td> <td></td> </tr> <tr> <td>LIST CHECKS SINGLY</td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> </tr> <tr> <td> </td> <td></td> <td></td> </tr> <tr> <td>TOTAL FROM OTHER SIDE</td> <td></td> <td></td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> </tr> <tr> <td>LESS CASH RECEIVED</td> <td></td> <td></td> </tr> <tr> <td>NET DEPOSIT</td> <td></td> <td></td> </tr> </table>	CASH			LIST CHECKS SINGLY												TOTAL FROM OTHER SIDE			TOTAL			LESS CASH RECEIVED			NET DEPOSIT			<div style="background-color: #cccccc; width: 50px; height: 50px; margin-bottom: 10px;"></div> 71-587/749 USE OTHER SIDE FOR ADDITIONAL LISTING BE SURE EACH ITEM IS PROPERLY ENDORSED
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