

How to Balance a Checkbook

There are good reasons for balancing your checkbook: to avoid bounced checks, to catch bank errors quickly, and to manage your finances better. Here's how to do it.

Get organized

1. Gather together your:

- Latest monthly bank statement
- Checkbook
- Returned or photocopied checks
- Calculator
- ATM receipts
- Debit card receipts
- Bank statement worksheet, often found on the back of the bank statement

Confirm your deductions

2. One by one, go through each check listed or returned by your bank that month, placing a checkmark first beside the amount on the bank statement, then in your checkbook.

3. Do the same with your ATM and debit card receipts, checking off the amount first on the bank statement and then in your checkbook. If you forgot to list a check or a debit card purchase in your check register, do so now and deduct it from the balance.

Confirm your deposits

4. Follow the same steps with paychecks and other deposits to your account, first checking off individual items on the monthly bank statement and then doing the same in your checkbook.

Calculate and confirm your latest bank statement balance

5. Add up your total monthly deposits, subtract your total monthly withdrawals from that amount, and add that figure to (or, if that figure is a negative, subtract it from) your opening balance that month. The final figure should match the balance on your monthly bank statement.

Use the bank statement worksheet to calculate your current balance

6. Copy the ending balance from your monthly bank statement onto the bank statement worksheet.

7. Add to the ending balance any deposits made *after* the last activity date on the monthly bank statement.

8. List all outstanding checks and debit card purchases made *after* the last activity date shown on the front of your bank statement. Add these together, then subtract that figure from the balance you calculated in step 7. The new figure is your current balance, which you can confirm in your checkbook and/or by requesting an account balance at an ATM.

Problems?

If your figures don't match, re-check your math, and look out for these common computing errors:

- Be sure to include monthly bank fees and/or earned interest in your calculations.
- Re-check deposits and deductions that were made after the last date shown on the bank statement. Transactions made after that date may not have cleared yet.
- Confirm that all ATM cash withdrawals and debit card purchases were noted in your checkbook.
- Look for transposed numbers, e.g., \$42 instead of \$24.