

# Fiscal Facts

UP-TO-DATE FINANCIAL INFORMATION & CONSUMER ALERTS

A service of



Your future. Our priority.

## What Everyone Should Know About Checking Accounts

Your checking account is the central hub for most of your monthly financial transactions. It's where you keep the money you need the most access to for upcoming expenses. It used to be that writing a check was the only way to disburse your money. Today there are faster and more convenient tools for managing the money in your account like ATMs, debit cards, automatic transfers, electronic payments, and internet banking.

With so many choices, knowing how to successfully manage your checking account is important. It gives you better control over your day-to-day finances and can lead to greater stability in the rest of your overall financial plan.

### Managing the bottom line

Most of us have been using checking accounts for years. Others may have just opened their very first checking account. Either way, there are a few basic rules that everyone should follow.

- **The Golden Rule.** Never spend more money than you have in your account. Though that may sound rather obvious, with all the new choices for disbursing your money, it's easier than ever to overspend. Remember, the account balance you receive from an ATM or from internet banking doesn't show all pending transactions. Be sure to always keep a careful record so you won't accidentally overdraw your account.
- **Don't get caught floating.** This is the delay from the time a check is written to the time the money is withdrawn from your account. The standard delay used to be two to five days, but when the Check 21 Law passed in 2004, it allowed paper checks to be substituted with an electronic check. Now the time it takes a check to clear can be measured in hours as opposed to days. At some stores, the cashier can process your paper check on the spot and hand it back to you.

- **Consider overdraft protection.** It's a safeguard that could automatically transfer funds from your savings account, line of credit, or money market account into your checking account to cover the amount of an overdraft. Check with your financial institution on what options are available.

### Check Writing 101

If you've been writing checks for years, you probably already know the basics. However, there are a few important tips that can keep forgers from compromising your checks.

Read the list below to see how many of these precautions you can take.

- **Don't use pencil or erasable ink.** A permanent blue or black pen will prevent someone from changing the name or amount on the check. Ink colors such as red or purple may not process properly.
- **Never make checks out to "cash".** This will allow anyone to cash it. Instead, write the name of the cashing institution or your own name.
- **Draw a line after the name of the payee.** This prevents a thief from becoming an alternate payee by adding the word "or" along with another name.
- **Don't use abbreviations on the payee line.** A clever forger can change such terms as "Co.," "LLC" or "Inc." into believable names.
- **Print figures as close to the preprinted dollar sign as possible.** By doing so, you will make it hard for a forger to raise the amount of the check by inserting a digit (for example, changing \$25 to \$125).

- **Print the written amount in capital letters** which are much harder to alter than script. Also, be sure to start writing at the far left and draw a line through the rest of the amount space. Otherwise, TWENTY-FIVE can become ONE TWENTY-FIVE or TWENTY-FIVE HUNDRED.
- **Only endorse your check when you're ready to cash it.** You can also specify a check to be "for deposit only" above your signature.
- **When you make a mistake,** put your initials by the correction. If the mistake cannot be corrected neatly, write "VOID" across the check, tear it up, and write out a new check. Note the voided check in your register.

## Balancing your checkbook

Your checkbook register is designed to allow you to record all debit and credit transactions for your account. A debit (money that leaves your account) includes checks, debit card purchases, ATM withdrawals, Direct Payments, automatic loan payments, online bill payments, transfers to another account, withdrawals made at a branch, or fees. A credit (money that is added to your account) includes ATM deposits, Direct Deposit, automatic deposits, transfers into the account, interest earned, or deposits made at a branch. Each transaction should be recorded in your checkbook register on the dates they occur. Keep it current and you'll always know your account balance.

When you receive your monthly checking account statement, compare it to your register. Use the worksheet located on the reverse side of most statements. You can also get up-to-the-minute account balances, view your transaction history, and even balance your checkbook online through internet banking.

Should you need additional assistance, Lake Trust Credit Union offers resources that can help you successfully manage your checking account, like one of our online courses. Visit [laketrust.org](http://laketrust.org) for this interactive tool that can help you learn more about checking accounts and many other helpful financial topics.

---

We hope you'll keep Lake Trust Credit Union in mind when it comes to your checking account needs. Our checking accounts offer convenience and value. And you'll be able to access your account and transfer funds 24-hours a day using your Lake Trust Credit Union Debit Card, ATMs, and Internet and Phone Banking.

---

