

Introduction

Sometimes it seems as though no matter how hard you work you never have enough money. Knowing where money comes from helps put it in perspective. Once we start thinking about money a little differently, we can understand how to use whatever amount we have and still get ahead in life.

Before people had money, they traded. Over time, the trading process became more refined, and the concept of money was born. Today we use several forms of money to buy the things we need. In this chapter, you will learn how to manage your money and make it work for you.

Lesson 6.1

Characteristics of Money

For something to be an effective medium of exchange it should be:

1. Scarce
2. Durable
3. Portable
4. Divisible

Although many different items, including shells, furs, and tobacco, have been used as money, gold and silver have typically been the most popular forms of money throughout history. Today, these precious metals are no longer part of the money supply of the United States. Instead, the basic money supply consists primarily of currency and checking accounts.

Where Did Today's Money Come From?

No one wanted to carry around their moose hides just in case they wanted to buy something, so they began writing what amounted to IOUs—papers that promised to pay a seller the agreed-upon price.

Businesses (usually goldsmiths) with the ability to safely keep valuables started to warehouse the commodities for individuals. These earliest bankers were considered respectable citizens, trustworthy of being responsible for recording the business transactions. Receipts could be written authorizing sellers to visit the goldsmith for payment instead of meeting again with buyers after the sale to obtain payment. People began accepting the paper receipts as money itself.

Keeping track of what values were set for each commodity became such a big problem that governments began issuing their own money based on their own laws and stores of commodities. Within the boundaries of the government's borders, the money could be traded as though it had value of its own. This concept is fiat money. Fiat money has no real value except the government's power that backs it!

Think About This

1. What skills do you have that you could trade with your friends so that you could barter without money?
2. What is something everyone in your community needs that could be used as commodity money?

What's So Great About Money?

You can go to any of the 50 states and buy everything you need or anything you can imagine with fiat money. The government calls it **legal tender**, and you probably call it cash, but you might have other words for it, too.

No matter what you call it, cash is a big part of our lives. Our society is so complex that we need it just to survive. Whenever something plays that big a part in our lives, it tends to take on a life of its own.

Instead of using money, it's very easy for us to let it use us. How much do you worry about money? Do you wonder where it all goes each month? Do you feel like you will never be able to buy everything you want? All of this stress comes from looking at money as though it has value of its own.

One way to avoid letting money control us is to look at it from a different perspective. For a moment, let's see why it looks the way it does, and just think of it as "green stuff" or "metal stuff."

Why Does Money Look The Way It Does?

Currency is the term for the paper money we use. The United States prints money in \$1, \$2, \$5, \$10, \$20, \$50, and \$100 bills. Did you know that nearly all of the purchases we make with cash involve amounts less than \$20? That's why one-dollar bills get so worn and one-hundred-dollar bills (if we ever even see them) stay pretty, crisp, and new. The currency in the United States is widely used all across the world. Individuals in some countries use it as a means of saving like some people save gold. Some countries, especially in the Caribbean, allow U.S. dollars as payment for purchases—making it easy for American tourists to spend their money while vacationing abroad. There are even countries like Liberia and Panama that actually use U.S. currency as their official money.

Our government, which backs the money, is more stable than most. This fact means that our currency is also very stable. Our economy is the world's largest, too. Those factors together make our currency the most desired on the planet.

Unfortunately, that also makes it the target of **counterfeiters**—those who make copies of genuine money and try to pass fake currency off as the real thing. This practice costs our country millions of dollars each year. Our money is designed to try to prevent as much counterfeiting as possible.

The color green was chosen for bills just before the Civil War. The color has become synonymous with money for us.

Originally, currency produced here was larger and more colorful than the money we have today. The current size was adapted to better fit into our hands and wallets.

How would you know if you got a counterfeit bill? The Bureau of Engraving and Printing (which prints the money) has added some security features to each bill.

Do you have a \$5, \$10, or \$20 bill in your wallet? Take a look at it. Feel the paper on which it is printed. It almost feels like fabric instead of paper, doesn't it? It feels that way because the paper is made of cotton and linen. The ink itself is special, too. It's a secret formula developed by the government that no one else knows how to make.

Why Does Money Look The Way It Does? (cont'd)

Hold the bill up to the light. On both sides of the bill, you should see a security thread, running from top to bottom, woven into the paper. “TWENTY USA” and an American flag are printed along this thread. When you hold the bill up to the light, you should also see a faint image of Andrew Jackson, the U.S. president featured on the bill, to the far right of the larger image of him. This faint image, called a watermark, is visible from both sides of the bill. Finally, the lower right corner of the front of the bill shows the denomination in color-shifting ink. None of these features can be easily copied.

Other features of the bills like serial numbers and Federal Reserve indicators are used to make it easier to track where the money goes.



Security Thread

Hold the bill up to the light and look for the security thread, or plastic strip, that is embedded in the paper and runs vertically up one side of the note. If you look closely, the words “USA TWENTY” and a small flag are visible along the thread from both sides of the note. This thread glows green when held under ultraviolet light.

Color-Shifting Ink

Look at the number “20” in the lower right corner on the face of the note. When you tilt the note up and down the color-shifting ink changes color from copper to green.

Watermark

Hold the bill up to the light and look for the watermark, or faint image, similar to the large portrait of President Andrew Jackson. The watermark is part of the paper itself, and it can be seen from both sides of the note.



Photos courtesy of the Federal Reserve Bank

Think About This

1. Why do you think the U.S. put pictures of its presidents on the faces of its bills?
2. Why do you think people make counterfeits of our currency?

Is Money More Than Just Currency?

Until now, we have only talked about cash when we used the term “money.” Modern civilization required us to develop ways to manage money more smoothly.

Trading currency evolved from bartered goods to gold or other valuable items. Later, it became bits of paper that represented ownership of a valuable commodity. Finally, the paper itself became valuable simply because it was backed by the full faith of the government.

What is the next step in the evolution of money? Paper or electronic messages that represent the paper backed by our government? It might seem hard to comprehend, but that is exactly what happens every day.

Imagine if the company you worked for paid your entire paycheck to you in cash. They would only take out taxes to send to the government, allowing you to take the rest to do with as you pleased. You might divide it up so that you could pay rent, go to the grocery store, or pay your utilities and credit-card bills. Anything that was left over could be saved in a shoebox under the bed.

Does this seem like a good idea to you? Is it safe? How could you carry around all of that money in your wallet? What if you lost your wallet on the way to pay your rent? Would you trust the mail enough to send cash to pay your credit-card bill? Probably not.

It is important for us to keep our money safe and make sure that everyone can be paid promptly. A backup plan is also necessary in case something should happen to us.

The government, through the banking system, solved this problem by authorizing us to use **checks** and **electronic funds** transfers to pay for things. Instead of using legal tender (or currency), we can use other methods to exchange money. We can use these two methods to transact business without carrying buckets full of money around.

Lesson 6.2

Introduction: The Changing Face of Money

In this lesson, you will play a game to guess which objects have been used as money throughout history. You will learn that money should be a **unit of account**—a measure to decide the price of goods and services and comparisons between goods and services everyone agrees to use; it must be able to break down into smaller pieces that equate with the goods or services desired. Money must also be a **store of value**—money can be saved and used in the future; it must keep its value over time. You will compare modern U.S. money with older versions of U.S. money using web sites and real coins, and you will use your new knowledge to design the money of the future.

Process:

1. What are some problems with using a cow as money? Are cows easy to keep? Can you carry them around with you? What if you wanted to buy some bubble gum? Is a cow for bubble gum a fair trade? How do you trade part of a cow?
 - Money must break down into smaller amounts to be useful. What smaller amounts can we divide a dollar into? (Hint: What would you use to buy bubble gum?)
2. What are some problems with using grain as money? Will grain, or any food, keep for a long time? What happens when it gets old?
 - Money must keep its value over time. Is it easy to keep a dollar? A penny? What are some places we might store a dollar? A penny? Brainstorm.
 - How long will a penny last? Your teacher will give you a penny, or you can view images of pennies online. What is the date your penny was made? Ask your teacher if you need help. Who has the oldest penny in your class? When was it made? Is it older than you? Your parents?
 - Check out the coins at <http://www.coinstudy.com>. What is the oldest coin on the site? How many years old is it? It is almost as old as the U.S.? Is it older than someone's great-great-great-grandparents?
3. Compare one of the coins at [coinstudy.com](http://www.coinstudy.com) with a penny. How are they alike? How are they different? Are the coins more alike than different?
4. Will U.S. money ever change again? Explain that our money is in the process of changing right now. There are two versions of our currency in circulation. Visit the Bureau of Engraving and Printing's New Money web site at <http://www.newmoney.gov/newmoney/default.aspx>, and create a Venn diagram that identifies the similarities and differences between the old bills and the new ones.
5. Do we use anything other than bills and coins to buy things? Are checks and credit cards money? Did people have credit cards 200 years ago?
6. How will our money change in the future? Design "future money" using art supplies that your teacher gives you. Remember that money must break down into smaller amounts and keep its value over time.

Introduction: The Changing Face of Money (cont'd)**Conclusion:**

1. Share your vision of “future money” with the rest of your class. What components are included in your “future money” design? Is your money durable, and will it last? Can your money be broken down into smaller units?
2. How has money changed over time? List some types of money that are no longer used. Why not?
3. Would it be easier to make money out of tissue paper or metal? Why is money often made out of metal?

Assessment Activity:

1. How has money in the U.S. changed? Visit the University of Notre Dame Libraries' Coin and Currency Collections at <http://www.coins.nd.edu>. Click on “**Colonial Currency**,” and then choose a state to see how money has changed over time in that state. Compare old paper currency with paper money. Have each student or group of students develop a Venn diagram showing the similarities and differences between old and new paper money.
2. List, verbally or in writing, three ways in which money has changed over time.
3. Which would you prefer—money made of metal or money made of orange peels? Defend your choice.

Lesson 7.1

Economic Institutions

Economic institutions, which are also frequently called financial institutions, play a very important role in our economic system. What do they do, though? Financial institutions such as banks, credit companies, and investment companies transfer money from individuals and businesses that have it to individuals and businesses that need it. In essence, financial institutions serve as intermediaries, or middlemen, in the economy.

There are several different types of economic institutions, including finance and insurance institutions, investment institutions, government or semigovernment financial institutions, and even international financial institutions.

The best known of the economic institutions, however, are the deposit-taking institutions. They accept deposits (funds) from savers and use those deposits to offer loans to borrowers. They also use deposits to make payments on behalf of the savers to individuals, firms, and creditors whom the savers owe. Who are these deposit-taking institutions? Commercial banks, community banks, credit unions, savings and loan associations, trust companies, and mortgage companies.

Most people are aware that banks, credit unions, savings and loan associations, and other financial institutions offer a variety of services to their customers. While customers may be aware of the different services, they don't always make wise choices when selecting and using financial services.

Most banks are commercial banks that are protected by the FDIC (Federal Deposit Insurance Corporation). Banks offer services such as checking accounts, savings accounts, loans, certificates of deposit (which are essentially loans that you make to the bank), investment options, retirement options, credit cards, and debit cards. They also may offer interest on their checking and savings accounts, safe deposit boxes, traveler's checks, overdraft protection, ATMs, money transfers, automatic deposit, and other electronic services.

Traditionally, a bank generates profits from transaction fees on financial services and from the interest it charges for lending. In recent history, with historically low interest rates limiting a bank's ability to earn money by lending deposited funds, much of a bank's income is provided by overdraft fees and riskier investments.

Banks' activities can be characterized as retail banking, dealing directly with individuals and small businesses, and investment banking, relating to activities in the financial markets. Most banks are profit-making, private enterprises. However, some are owned by government or not-for-profit.

Two common retail banks are commercial and community. **Commercial bank** is the term used for a normal bank to distinguish it from an investment bank. After the Great Depression, the U.S. Congress required that banks only engage in banking activities, whereas investment banks were limited to capital market activities. Since the two no longer have to be under separate ownership, some use the term "commercial bank" to refer to a bank or a division of a bank that mostly deals with deposits and loans from corporations and other large businesses.

Community banks are locally operated financial institutions that empower employees to make local decisions to serve their customers. A bank raises funds by attracting deposits, borrowing money in the inter-bank market, or issuing financial instruments in the money market or a capital market. The bank then lends out most of these funds to borrowers.

Economic Institutions (cont'd)

However, it would not be prudent for a bank to lend out all of its balance sheet. It must keep a certain proportion of its funds in reserve so that it can repay depositors who withdraw their deposits. Bank reserves are typically kept in the form of a deposit with a central bank. This behavior is called **fractional reserve banking**, and it is a central issue of monetary policy. Some governments (or their central banks) restrict the proportion of a bank's balance sheet that can be lent out and use this as a tool for controlling the money supply. Even where the reserve ratio is not controlled by the government, a minimum figure will still be set by regulatory authorities as part of bank regulation.

A credit union is a not-for-profit cooperative financial institution that is owned and controlled by its members, through the election of a volunteer board of directors elected by the members. Only a member of a credit union may deposit money with the credit union or borrow money from it.

A **credit union** differs from a traditional financial institution (bank, savings and loan association, etc.) in that the members who have accounts with the credit union are the credit union's owners. A credit union is a cooperative institution, with policies governing interest rates and other matters set to benefit the interests of the membership as a whole. As such, credit unions have historically marketed themselves as providing superior member service and being committed to helping members improve their financial health. Credit unions typically pay higher dividend (interest) rates on shares (deposits) and charge lower interest on loans than banks.

Credit union revenues (from loans and investments) do, however, need to exceed operating expenses and dividends (interest paid on deposits) in order to maintain capital and solvency. The lowered profitability of most credit unions relative to banks is indicative of credit unions' focus on serving members. Banks, on the other hand, must be concerned with maximizing profits to enhance stock performance, please shareholders, and make the bank stock price more desirable.

Credit unions offer many of the same financial services as banks, including share accounts (savings accounts), share draft (checking) accounts, credit cards, share term certificates (certificates of deposits), and home banking.

The for-profit banking industry has a conflicted relationship with credit unions. Bank trade associations are opposed to the tax-free structure on earnings that credit unions enjoy. In fact, the American Banking Association identified the revocation of credit unions' tax-free status as topping its political agenda in 2004 and 2005. However, bank holding companies and their affiliates aggressively compete to provide services to credit unions through their ATM networks, corporate checking accounts, and certificate of deposit programs.

Name: _____ Date: _____

Lesson 7.2

Deposit-Taking Institutions: What do they do?

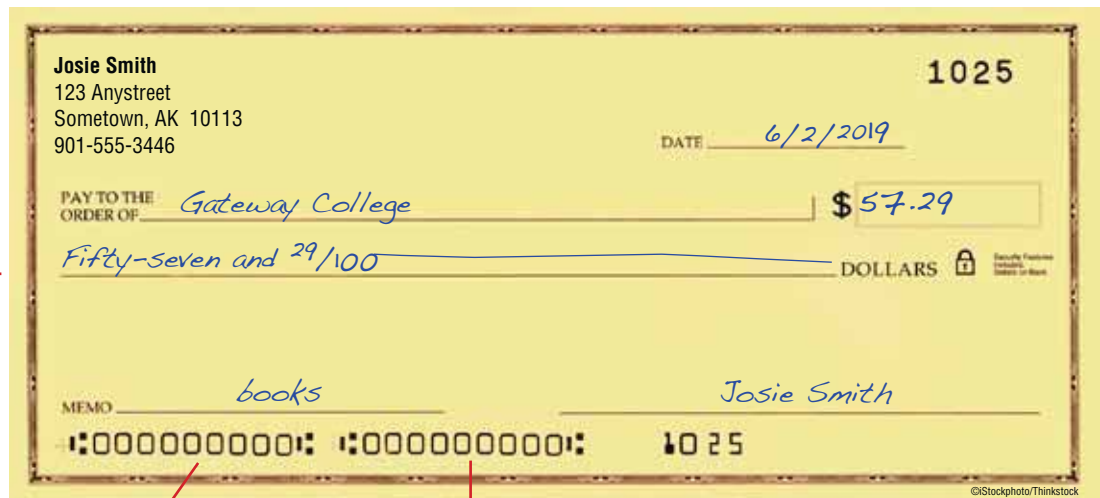
Conduct Internet research on the most common types of deposit-taking institutions, listed below. Determine the key characteristics of each, and complete the chart provided.

Type of Institution	Brief Description	Key Products/Services Offered
Bank		
Savings and Loan		
Credit Union		

Lesson 8.1

How Do Checks Work?

Believe it or not, but using a checking account is relatively simple. Checks are convenient replacements for cash, and they have many other advantages, too. They record where, when, and how you spend your money and provide proof of payment if there is ever a disagreement about a payment being made.



The handwritten figure is the legal amount.

The routing number tells on what bank the check is drawn.

The account number identifies from which account the money should be withdrawn.

Each check has preprinted information about the accountholder and the bank from which the payment will be withdrawn. There are places to write the date, amount, and name of the person or entity the bank should pay. In the bottom right corner, the writer must sign his or her name, legally authorizing the bank to pay the funds. At the very bottom of each check there are numbers that tell the banking system on which bank the check is drawn, as well as whose account it is.

When we deposit money in a checking account for safekeeping, we can write checks authorizing our financial institution to pay our money to other people for us. Checks require our signature because they are legal documents, even though they are not considered currency. Remember that checks are not money; instead, the deposits made are money.

The banking system processes checks like this:

- You write a check to a store to make a purchase.
- The store accepts the check as payment and gives you the products you purchased.
- The store delivers the check to its bank, along with all other checks and cash that it received that day. The total deposit goes into the store's account.
- The store's bank passes your check to a clearinghouse.
- The clearinghouse sends the check back to your bank.

Your bank then reverses the process:

- Your bank deducts the payment from your account.
- That payment is sent to the clearinghouse.
- The clearinghouse sends the payment to the store's bank.
- The store's bank deposits the payment into the store's account.

All of this happens within just a day or two.

Lesson 8.2

Bank Reconciliation

Once a month (or more) you should do what is called “reconciling” your checkbook. You will take your bank’s records and compare them with your own to make sure all of the transactions have occurred correctly. It is also a good time to double check your math and the bank’s accuracy in processing.

Reconciling your checking account is a relatively easy process if you follow these steps:

1. Start by placing a copy of your most recent bank statement, which is the official record of what the bank shows is in your account, next to your checkbook register. Have the register open to the point at which you know your balance last matched the bank’s balance.

Here’s an example of a bank statement:



123 Main Street
Main Street, KY
(859) 555-5555

Account Statement

Account Number: 123456789
Statement Period: June 10, 2013
through July 1, 2013

Account Summary:

Beginning Balance	\$2258.98
Credits/Deposits	\$1685.98
Debits/Payments	\$1564.86
Ending Statement Balance	\$2380.10

Checking Activity:

Credits/Deposits

06/15	Deposit	+	842.99
06/30	Deposit	+	842.99

Debits/Payments

06/16	Check 531	–	38.42
06/21	Check 533	–	88.44
06/23	Check 535	–	846.13
06/24	Check 536	–	182.66
06/27	Check 537	–	386.50
06/22	Debit Card	–	22.71

2. Transfer the ending balance reported on your most recent bank statement to the appropriate place on your checking account reconciliation form (which is probably on the last page of your bank statement). A reconciliation form usually looks something like this:

Bank Reconciliation Form		
Outstanding Withdrawals		
Date	Detail	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL Outstanding Withdrawals (B)		_____
Outstanding Deposits		
Date	Detail	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
TOTAL Outstanding Deposits (D)		_____

(A) Ending Bank Statement Balance _____

(B) TOTAL Outstanding Withdrawals _____

(C) Line (A) - Line (B) _____

(D) TOTAL Outstanding Deposits _____

(E) Adjusted Ending Balance _____
Line (C) + Line (D)

Line (E) should match the ending balance on your check register. If it does not, try reconciling the account again.

Make sure that any fees, charges, or withdrawals that are shown on your statement but are not on your register are added to your register and deducted. Also, be sure to add any deposits shown on your statement to your register if they are not in your total.

- On your bank statement, find the listings of checks, electronic transactions, and other withdrawals that have cleared your account. Check off these transactions in your checkbook register.
- Identify any checks, electronic transactions, or other withdrawals that are recorded in your register that are not on the bank statement. Most likely, these transactions were processed by the bank after it sent the most recent month's bank statement to you.
- List the withdrawals that don't appear on your bank statement in the space provided on the reconciliation form. After doing so, determine the total dollar amount of these **outstanding** withdrawals, and record the total on the form.
- Look for the deposits listed on the bank statement. Make sure they are listed in your register—and for the same amount. Check off these transactions, as well.

7. Identify any deposits or credits that are recorded in your checkbook register that are not on your bank statement. It is likely that these deposits were not processed in time to appear on this month's bank statement.

But, if you are certain that you made the missing deposit(s) during the time period reported on the bank statement, it is possible that your bank made an error. In that case, find your deposit slip. Verify that the date and amount on the slip agree with what you recorded in your register. Confirm that the transaction date falls within the dates reported on your statement, and then contact your bank.

8. List all of your outstanding deposits (deposits that don't appear on your bank statement) in the space provided on the reconciliation form. Then, determine the total dollar amount of these outstanding deposits, and record it on the form.
9. Subtract the total withdrawals outstanding from the ending bank statement balance, and record the difference on the reconciliation form. Next, add the total deposits outstanding to that difference. The final sum is your adjusted ending balance, which should match the final balance in your checkbook register.

If your adjusted ending balance and your checkbook register balance aren't the same, it typically means that items in your checkbook register were overlooked, never entered, or entered incorrectly. If, after attempting to reconcile the account again, the balances still aren't matching up, you may want to meet with a person at your bank to have them check your most recent bank records and help you determine the problem.

What Are Electronic Funds Transfers?

Have you ever had your payroll check deposited directly into your checking account? Maybe you have had a membership fee for a fitness center taken directly from your checking account for you. These are both examples of **electronic funds transfers**.

For your convenience, you can give companies permission to withdraw money from or deposit money to your account automatically. No checks ever change hands. The companies simply notify your bank using a special electronic system, and the transactions are processed for you.

Companies can't withdraw money from your account without your permission, though. In order for them to be able to withdraw funds from your checking account, you have to sign an initial authorization form allowing them to do so. They keep the form on file as long as you continue to do business with them.

When you stop doing business with a company that has been automatically withdrawing funds from your account for you, make sure that the company destroys your authorization form. Also, review your checking account statements for a couple of months to make sure that the business does not continue to withdraw payments that it is not entitled to receive.

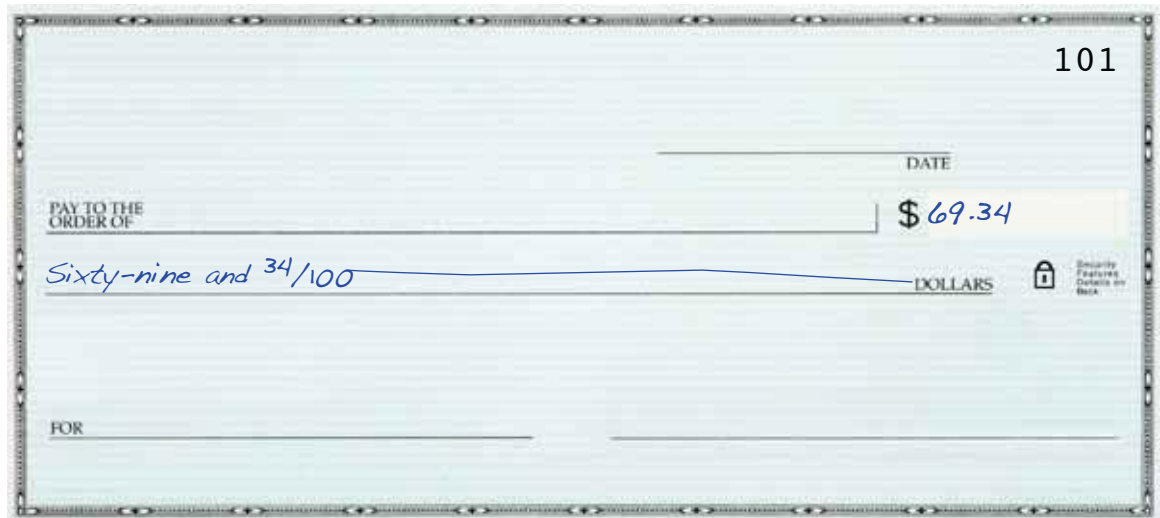
Think About This

1. What kinds of things would you like to have directly deposited or withdrawn from your checking account? Why?
2. Do you think that electronic funds transfers are safer than checks? Why or why not?

Name: _____ Date: _____

8.2.1 Writing Dollars and Cents

When writing a check, you must write the amount of the check in numbers and words. If there is a discrepancy between the amount written in numbers and the amount written in words, the bank honors what is written in words. For example, for a check for **\$69.34**, you would write **69.34** after the dollar sign and on the next line would write out “**Sixty-nine and 34/100.**”



©Stockphoto/Thinkstock

How would the following amounts be written in words on a check?

1. \$72.00 _____
2. \$198.62 _____
3. \$87.90 _____
4. \$985.12 _____
5. \$8.40 _____
6. \$1,250.77 _____
7. \$7,600.00 _____
8. \$456.21 _____
9. \$875.54 _____
10. \$8,987.04 _____

Name: _____ Date: _____

8.2.2 Check Writing and Check Registers

Fill in the following checks and checkbook.

Deposit: Birthday \$100.00; **Checks: 101**, Kroger \$25.00; **102**, Speedway \$38.00

Check form 101. The check is blank with fields for DATE, PAY TO THE ORDER OF, \$, DOLLARS, and FOR. The number 101 is printed in the top right corner. A security icon and text 'Security Features Details on Back' are visible on the right side.

Check form 102. The check is blank with fields for DATE, PAY TO THE ORDER OF, \$, DOLLARS, and FOR. The number 102 is printed in the top right corner. A security icon and text 'Security Features Details on Back' are visible on the right side.

Check Number	Date	Check Paid To	Check/Deposit Amount	BALANCE \$539.80

Name: _____ Date: _____

8.2.3 Check Registers

1. George's check register had a balance of \$638.07 on March 21.

- He wrote these checks on March 24:
 - Check #201 to Speedway for \$48.02
 - Check #202 to Dillard's for \$132.16
- He deposited his paycheck of \$415.35 on March 22.

Record these items in the check register.

Check Number	Date	Description of Transaction	Payment/Debit		Deposit/Credit		BALANCE	

2. Jack's check register had a balance of \$125.07 on April 30.

- He deposited a check for his birthday into his account on May 3 for \$25.
- He wrote these checks on May 5:
 - Check #585 to Wal-Mart for \$28.52
 - Check #586 to Hollister for \$74.16
- He deposited his paycheck of \$175.00 on May 12.
- He also used his debit card at McDonalds on May 14 for \$17.96.

Record these items in the check register.

Check Number	Date	Description of Transaction	Payment/Debit		Deposit/Credit		BALANCE	

Name: _____ Date: _____

8.2.4 Checking Assignment

1. On Monday morning, Katie's beginning checking account balance was \$65.98.

- She deposited a check for \$487.00.
- She also used her ATM card to withdraw \$100.00 in cash for shopping.

What is her new bank balance after her deposit and withdrawal?

2. Your checking account had a balance of \$643.89 when you started the day. You then used your debit card to make the following purchases:

- Transaction 1, \$32.89
- Transaction 2, \$7.95
- Transaction 3, \$75.00

What is the remaining balance in your account at the end of the day?

3. Whitney had a balance of \$210.00 in her checking account on Tuesday.

- On Tuesday morning, she went to the bank to deposit a check for \$63.00.
- While at the bank, she also withdrew \$50.00 in cash from her account.
- When she got home, she used her debit card to shop online and make a purchase of \$94.00.

How much money does Whitney have in her checking account at the end of the day?

4. Chuck's checking account had a beginning balance of \$68.75 on Thursday.

- He deposited his tax refund of \$325.00 in his checking account on Thursday morning.
- He wrote checks for the following amounts:
 - Check #1 \$53.98
 - Check #2 \$90.85
 - Check #3 \$289.00
- He used his debit card for \$15.65.

How much money does Chuck have left in his account?

Name: _____ Date: _____

8.2.6 Bank Reconciliation

1. Josh Burn's bank statement balance on May 31 was \$2,571.40. On the same day, his check register balance was \$1,872.39. The bank statement showed a service charge of \$10.30 and interest earned of \$3.12. Neither amount was recorded in Josh's check register. The checkbook showed three outstanding checks: \$193.19, \$437.28, and \$75.72. Use the check register and bank statement on page 185 to reconcile Josh's checking account.

Bank Reconciliation Form				
Outstanding Withdrawals				
Date	Detail	Amount		
_____	_____	_____	(A) Ending Bank Statement Balance	_____
_____	_____	_____	(B) TOTAL Outstanding Withdrawals	_____
_____	_____	_____	(C) Line (A) - Line (B)	_____
_____	_____	_____	(D) TOTAL Outstanding Deposits	_____
_____	_____	_____	(E) Adjusted Ending Balance	_____
TOTAL Outstanding Withdrawals (B) _____			Line (C) + Line (D)	
Outstanding Deposits				
Date	Detail	Amount		
_____	_____	_____	Line (E) should match the ending balance on your check register. If it does not, try reconciling the account again.	
_____	_____	_____	Make sure that any fees, charges, or withdrawals that are shown on your statement but are not on your register are added to your register and deducted. Also, be sure to add any deposits shown on your statement to your register if they are not in your total.	
_____	_____	_____		
_____	_____	_____		
_____	_____	_____		
TOTAL Outstanding Deposits (D) _____				

Name: _____ Date: _____

8.2.6 Bank Reconciliation (cont'd)

AD-Auto Deposit • AP-Automatic Payment • ATM-Cash Withdrawal • DC-Debit Card • FT-Funds Transfer • SC-Service Charge • TD-Tax Deductible									
NUMBER OR CODE	DATE	TRANSACTION DESCRIPTION	PAYMENT FEE WITHDRAWAL (-)		✓	DEPOSIT CREDIT (+)		BALANCE \$ 361.02	
3211	5/3	Target	64	89				296	13
AD	5/4	Deposit-Pay				1,179	83	1,475	96
3212	5/14	Sheryl James	20	00				1,455	96
3213	5/17	Electric Co., Inc.	57	21				1,398	75
AD	5/18	Deposit-Pay				1,179	83	2,578	58
3214	5/26	Toyota Financial Services	193	19				2,385	39
3215	5/26	Apartment Properties	437	28				1,948	11
3216	5/28	Kroger	75	72				1,872	39



123 Main Street
Main Street, KY
(859) 555-5555

Account Statement

Account Number: 123456789
Statement Period: May 1, 2012
through May 31, 2012

Account Summary:

Beginning Balance	\$361.02
Credits/Deposits	\$2,362.78
Debits/Payments	\$152.40
Ending Statement Balance	\$2,571.40

Checking Activity:

Credits/Deposits

05/04	Deposit	+	1,179.83
05/18	Deposit	+	1,179.83
05/31	Interest Earned	+	3.12

Debits/Payments

05/04	Check 3211	-	64.89
05/16	Check 3212	-	20.00
05/21	Check 3213	-	57.21
05/03	Service Charge	-	10.30

Name: _____ Date: _____

8.2.6 Bank Reconciliation (cont'd)

2. Tim Hudson's check register balance on October 30 was \$386.23. On the same day, his bank statement balance was \$510.51. The bank statement showed a service charge of \$5.00 and interest earned of \$2.80, not recorded in the check register. The checkbook showed: one outstanding check of \$185.48 and one outstanding deposit of \$59.00. Use the check register and bank statement on page 187 to reconcile Tim's checking account.

Bank Reconciliation Form			
Outstanding Withdrawals			
Date	Detail	Amount	
_____	_____	_____	(A) Ending Bank Statement Balance _____
_____	_____	_____	(B) TOTAL Outstanding Withdrawals _____
_____	_____	_____	(C) Line (A) - Line (B) _____
_____	_____	_____	(D) TOTAL Outstanding Deposits _____
TOTAL Outstanding Withdrawals (B) _____			(E) Adjusted Ending Balance _____
Outstanding Deposits			Line (C) + Line (D)
Date	Detail	Amount	Line (E) should match the ending balance on your check register. If it does not, try reconciling the account again.
_____	_____	_____	Make sure that any fees, charges, or withdrawals that are shown on your statement but are not on your register are added to your register and deducted. Also, be sure to add any deposits shown on your statement to your register if they are not in your total.
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
TOTAL Outstanding Deposits (D) _____			

Name: _____ Date: _____

8.2.6 Bank Reconciliation (cont'd)

AD-Auto Deposit • **AP**-Automatic Payment • **ATM**-Cash Withdrawal • **DC**-Debit Card • **FT**-Funds Transfer • **SC**-Service Charge • **TD**-Tax Deductible

NUMBER OR CODE	DATE	TRANSACTION DESCRIPTION	PAYMENT FEE WITHDRAWAL (-)		✓	DEPOSIT CREDIT (+)		BALANCE \$133.45	
945	10/2	Speedway Gas	35	50				97	95
Dep	10/5	Deposit-Pay				272	89	370	84
DC	10/8	McDonald's	7	39				363	45
946	10/10	Meijer	123	62				239	83
Dep	10/19	Deposit-Pay				272	88	512	71
947	10/25	Frank Hudson	185	48				327	23
Dep	10/26	Deposit-Birthday Cash				59	00	386	23



123 Main Street
Main Street, KY
(859) 555-5555

Account Statement

Account Number: 123456789
Statement Period: October 1, 2012
through October 30, 2012

Account Summary:

Beginning Balance	\$133.45
Credits/Deposits	\$548.57
Debits/Payments	\$171.51
Ending Statement Balance	\$510.51

Checking Activity:

Credits/Deposits

10/05	Deposit	+	272.89
10/19	Deposit	+	272.88
10/30	Interest Earned	+	2.80

Debits/Payments

10/03	Check 945	-	35.50
10/12	Check 946	-	123.62
10/08	Debit Card	-	7.39
10/03	Service Charge	-	5.00

Name: _____ Date: _____

Lesson 8.4

Student Checking Account Booklet

Transaction Sheet

June Transactions

June 12	Carry balance forward of \$2258.98 from May.
June 15	Deposit your bi-weekly paycheck. The amount of the check is \$842.99.
June 16	Write check 531 for \$38.42 to MES Telephone Company for the telephone bill dated June 13th.
June 17	Write check 532 for \$31.86 to Morgan's Toys for a birthday present.
June 21	Write check 533 for \$88.44 to the Bright Idea Electric Company for the electric bill dated June 18th.
June 22	\$22.71 was spent for gasoline at Madison's Gas Station using your debit card.
June 22	Write check 534 for \$45.00 to Cable Communications for the cable bill dated June 20th.
June 23	Write check 535 for \$846.13 to the Duke Mortgage Company for your June mortgage payment.
June 24	Write check 536 for \$182.66 to Dewey's Grocery for groceries.
June 27	Write check 537 for \$386.50 to Dustie's Car Dealership for your June car payment.
June 28	Write check 538 for \$34.34 to Captain Credit Card Company for your June credit card payment.
June 30	Deposit your bi-weekly paycheck. The amount of the check is \$842.99.
June 30	Reconcile your checking account for the month of June.

July Transactions

July 1	Write check 539 for \$ 118.42 to H2O Water Company for the water bill dated June 30th.
July 2	\$28.16 was spent for a pizza dinner at Pizza Pizza using your debit card.
July 5	\$18.85 was spent for gasoline at Madison's Gas Station using your debit card.
July 9	Write check 540 for \$76.99 to Animal Zoo for your annual zoo membership.
July 15	Deposit your bi-weekly paycheck. The amount of the check is \$802.99.
July 18	Write check 541 for \$466.22 to Jack's Car Repair for car repairs.
July 23	Write check 542 for \$96.21 to the Bright Idea Electric Company for the electric bill dated July 20th.
July 23	Write check 543 for \$45.67 to Cable Communications for the cable bill dated July 20th.
July 23	Write check 544 for \$846.13 to the Duke Mortgage Company for your July mortgage payment.
July 27	Write check 545 for \$386.15 to Dustie's Car Dealership for your July car payment.
July 30	Deposit your bi-weekly paycheck. The amount of the check is \$842.99.

Name: _____ Date: _____

Transaction Sheet (cont'd)

August Transactions

August 3	Write check 546 for \$112.11 to H2O Water Company for the water bill dated July 30th.
August 7	Write check 547 for \$378.45 to the ABC Insurance Company for your car insurance bill.
August 8	Deposit your \$200 birthday gift.
August 10	\$24.01 was spent for a pizza dinner at Pizza Pizza using your debit card.
August 11	Write check 548 for \$48.50 to Dental Cleaners Inc. for your dentist bill.
August 15	Deposit your bi-weekly paycheck. The amount of the check is \$767.15.
August 18	Write check 549 for \$96.21 to the Bright Idea Electric Company for the electric bill dated August 12th.
August 22	Write check 550 for \$45.67 to Cable Communications for the cable bill dated August 18th.
August 24	Write check 551 for \$846.13 to the Duke Mortgage Company for your August mortgage payment.
August 27	Write check 552 for \$386.15 to Dustie's Car Dealership for your August car payment.
August 28	\$31.78 was spent for 2 compact discs at Sam's Records using your debit card.
August 30	Deposit your bi-weekly paycheck. The amount of the check is \$842.99.

September Transactions

September 4	\$139.84 was paid online to the H2O Water Company for the bill dated August 27th.
September 7	\$46.16 was paid online to the MES Telephone Company for the bill dated August 28th.
September 15	\$146.88 was paid online to the Bright Idea Electric Company for the bill dated August 30th.
September 16	Deposit your bi-weekly paycheck. The amount is \$799.22.
September 18	Write check 553 for \$46.62 to the Cable Communications Company for the bill dated September 12th.
September 21	Write check 554 for \$846.13 to the Duke Mortgage Company for the September mortgage payment.
September 23	\$36.22 was spent for gasoline at Madison's Gas Station using your debit card.
September 25	\$386.15 was paid online to Dustie's Car Dealership for the September car payment.
September 27	\$182.65 was spent online to Taylor's Clothing for a clothing purchase.
September 28	\$32.66 was spent for a steak dinner at Bob's Steakhouse using your debit card.
September 30	Deposit your bi-weekly paycheck. The amount is \$801.46.

Name: _____ Date: _____

John Smith 531
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes
Watermark

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 532
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes
Watermark

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 533
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes
Watermark

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

Name: _____ Date: _____

John Smith 534
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Include Incentive To Save

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 535
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Include Incentive To Save

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 536
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Include Incentive To Save

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

Name: _____ Date: _____

John Smith 537
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Inkjet or More

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 538
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Inkjet or More

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 539
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Inkjet or More

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

Name: _____ Date: _____

John Smith 540
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Include in Box

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 541
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Include in Box

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 542
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Include in Box

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

Name: _____ Date: _____

John Smith 543
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inksmart Ink

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 544
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inksmart Ink

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 545
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inksmart Ink

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

Name: _____ Date: _____

John Smith 546
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes: Inkwell or Water

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 547
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes: Inkwell or Water

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 548
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes: Inkwell or Water

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

Name: _____ Date: _____

John Smith 549
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inksmart Ink

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 550
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inksmart Ink

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 551
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inksmart Ink

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

Name: _____ Date: _____

John Smith 552
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inks
Image of Bank

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 553
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inks
Image of Bank

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

John Smith 554
123 Main Street
Main Street, KY 99999
901-555-3446

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS  Security Features
Includes Inks
Image of Bank

MEMO _____

⑆0000000000⑆ ⑆0000000000⑆

Name: _____ Date: _____

Checking Account Deposit Slip

Date _____
Deposits may not be available for immediate withdrawal.

_____ *Sign here for cash received*

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____
Deposits may not be available for immediate withdrawal.

_____ *Sign here for cash received*

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____
Deposits may not be available for immediate withdrawal.

_____ *Sign here for cash received*

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Name: _____ Date: _____

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Name: _____ Date: _____

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received.

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received.

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received.

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Name: _____ Date: _____

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Name: _____ Date: _____

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Checking Account Deposit Slip

Date _____

Deposits may not be available for immediate withdrawal.

Sign here for cash received

	Dollars	Cents
Cash		
Checks		
Subtotal		
Less Cash Received		
Net Deposit		

Name: _____ Date: _____



123 Main Street
Main Street, KY
(859) 555-5555

Account Statement

Account Number: 123456789
Statement Period: June 10, 2013
through July 1, 2013

Account Summary:

Beginning Balance	\$2258.98
Credits/Deposits	\$1685.98
Debits/Payments	\$1564.86
Ending Statement Balance	\$2380.10

Checking Activity:

Credits/Deposits

06/15	Deposit	+	842.99
06/30	Deposit	+	842.99

Debits/Payments

06/16	Check 531	-	38.42
06/21	Check 533	-	88.44
06/23	Check 535	-	846.13
06/24	Check 536	-	182.66
06/27	Check 537	-	386.50
06/22	Debit Card	-	22.71

Name: _____ Date: _____



123 Main Street
Main Street, KY
(859) 555-5555

Account Statement

Account Number: 123456789
Statement Period: July 1, 2013
through August 2, 2013

Account Summary:

Beginning Balance	\$2380.10
Credits/Deposits	\$1645.98
Debits/Payments	\$2039.48
Ending Statement Balance	\$1986.60

Checking Activity:

Credits/Deposits

07/15	Deposit	+	802.99
07/30	Deposit	+	842.99

Debits/Payments

07/01	Check 538	-	34.34
07/01	Check 539	-	118.42
07/03	Check 534	-	45.00
07/18	Check 541	-	466.22
07/23	Check 542	-	96.21
07/23	Check 544	-	846.13
07/27	Check 545	-	386.15
07/02	Debit Card	-	28.16
07/05	Debit Card	-	18.85

Name: _____ Date: _____



123 Main Street
Main Street, KY
(859) 555-5555

Account Statement

Account Number: 123456789
Statement Period: August 3, 2013
through September 1, 2013

Account Summary:

Beginning Balance	\$1986.60
Credits/Deposits	\$967.15
Debits/Payments	\$1978.82
Ending Statement Balance	\$974.93

Checking Activity:

Credits/Deposits

08/08	Deposit	+	200.00
08/15	Deposit	+	767.15

Debits/Payments

08/03	Check 532	-	31.86
08/03	Check 540	-	76.99
08/03	Check 543	-	45.67
08/06	Check 546	-	112.11
08/10	Check 547	-	378.45
08/22	Check 550	-	45.67
08/26	Check 551	-	846.13
08/29	Check 552	-	386.15
08/11	Debit Card	-	24.01
08/29	Debit Card	-	31.78

Name: _____ Date: _____



123 Main Street
Main Street, KY
(859) 555-5555

Account Statement

Account Number: 123456789
Statement Period: September 2, 2013
through October 1, 2013

Account Summary:

Beginning Balance	\$974.93
Credits/Deposits	\$2443.67
Debits/Payments	\$1778.30
Ending Statement Balance	\$1640.30

Checking Activity:

Credits/Deposits

09/02	Deposit	+	842.99
09/04	Deposit	+	799.22
09/30	Deposit	+	801.46

Debits/Payments

09/02	Check 548	-	48.50
09/03	Check 549	-	96.21
09/20	Check 554	-	846.13
09/27	Debit Card	-	182.65
09/29	Debit Card	-	32.66
09/05	Online Payment	-	139.84
09/08	Online Payment	-	46.16
09/26	Online Payment	-	386.15

Name: _____ Date: _____

June

1. Mark transactions in your check register that match entries on the statement.
2. Record any service charges in your check register that appear on the statement.
3. List any debits/payments that are outstanding in debits/payments box below.
4. Complete the reconciliation shown below:

Bank Reconciliation Form			
Outstanding Withdrawals			
Date	Detail	Amount	
_____	_____	_____	(A) Ending Bank Statement Balance _____
_____	_____	_____	(B) TOTAL Outstanding Withdrawals _____
_____	_____	_____	(C) Line (A) - Line (B) _____
_____	_____	_____	(D) TOTAL Outstanding Deposits _____
TOTAL Outstanding Withdrawals (B) _____			(E) Adjusted Ending Balance _____
			Line (C) + Line (D)
Outstanding Deposits			
Date	Detail	Amount	
_____	_____	_____	Line (E) should match the ending balance on your check register. If it does not, try reconciling the account again.
_____	_____	_____	
_____	_____	_____	Make sure that any fees, charges, or withdrawals that are shown on your statement but are not on your register are added to your register and deducted. Also, be sure to add any deposits shown on your statement to your register if they are not in your total.
_____	_____	_____	
_____	_____	_____	
TOTAL Outstanding Deposits (D) _____			

The balance of your check register and your reconciliation should now balance.

Name: _____ Date: _____

July

1. Mark transactions in your check register that match entries on the statement.
2. Record any service charges in your check register that appear on the statement.
3. List any debits/payments that are outstanding in debits/payments box below.
4. Complete the reconciliation shown below:

Bank Reconciliation Form			
Outstanding Withdrawals			
Date	Detail	Amount	
_____	_____	_____	(A) Ending Bank Statement Balance _____
_____	_____	_____	(B) TOTAL Outstanding Withdrawals _____
_____	_____	_____	(C) Line (A) - Line (B) _____
_____	_____	_____	(D) TOTAL Outstanding Deposits _____
TOTAL Outstanding Withdrawals (B) _____			(E) Adjusted Ending Balance _____ Line (C) + Line (D)
Outstanding Deposits			
Date	Detail	Amount	
_____	_____	_____	Line (E) should match the ending balance on your check register. If it does not, try reconciling the account again.
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
TOTAL Outstanding Deposits (D) _____			Make sure that any fees, charges, or withdrawals that are shown on your statement but are not on your register are added to your register and deducted. Also, be sure to add any deposits shown on your statement to your register if they are not in your total.

The balance of your check register and your reconciliation should now balance.

Name: _____ Date: _____

August

1. Mark transactions in your check register that match entries on the statement.
2. Record any service charges in your check register that appear on the statement.
3. List any debits/payments that are outstanding in debits/payments box below.
4. Complete the reconciliation shown below:

Bank Reconciliation Form			
Outstanding Withdrawals			
Date	Detail	Amount	
_____	_____	_____	(A) Ending Bank Statement Balance _____
_____	_____	_____	(B) TOTAL Outstanding Withdrawals _____
_____	_____	_____	(C) Line (A) - Line (B) _____
_____	_____	_____	(D) TOTAL Outstanding Deposits _____
TOTAL Outstanding Withdrawals (B) _____			(E) Adjusted Ending Balance _____ Line (C) + Line (D)
Outstanding Deposits			
Date	Detail	Amount	
_____	_____	_____	Line (E) should match the ending balance on your check register. If it does not, try reconciling the account again.
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
TOTAL Outstanding Deposits (D) _____			Make sure that any fees, charges, or withdrawals that are shown on your statement but are not on your register are added to your register and deducted. Also, be sure to add any deposits shown on your statement to your register if they are not in your total.

The balance of your check register and your reconciliation should now balance.

Name: _____ Date: _____

September

1. Mark transactions in your check register that match entries on the statement.
2. Record any service charges in your check register that appear on the statement.
3. List any debits/payments that are outstanding in debits/payments box below.
4. Complete the reconciliation shown below:

Bank Reconciliation Form			
Outstanding Withdrawals			
Date	Detail	Amount	
_____	_____	_____	(A) Ending Bank Statement Balance _____
_____	_____	_____	(B) TOTAL Outstanding Withdrawals _____
_____	_____	_____	(C) Line (A) - Line (B) _____
_____	_____	_____	(D) TOTAL Outstanding Deposits _____
TOTAL Outstanding Withdrawals (B) _____			(E) Adjusted Ending Balance _____
			Line (C) + Line (D)
Outstanding Deposits			
Date	Detail	Amount	
_____	_____	_____	Line (E) should match the ending balance on your check register. If it does not, try reconciling the account again.
_____	_____	_____	
_____	_____	_____	Make sure that any fees, charges, or withdrawals that are shown on your statement but are not on your register are added to your register and deducted. Also, be sure to add any deposits shown on your statement to your register if they are not in your total.
_____	_____	_____	
_____	_____	_____	
TOTAL Outstanding Deposits (D) _____			

The balance of your check register and your reconciliation should now balance.

Lesson 8.6

Online Banking

To start banking online, you need to have an account at a bank that offers online banking, as well as Internet access and a web browser that supports the bank's software.

With online customer service, you can easily request a copy of a check or statement, order checks, and make inquiries about account transactions. Customer service representatives answer e-mails about all the above-mentioned inquiries as well as questions about using online banking.

All you need is a personal checking account or credit card. Then, just follow a few simple steps to get started and you'll be able to:

- Check your balances
- See account activity
- Download account information
- Transfer money among your accounts
- Apply for a loan
- Buy certificates of deposit
- Order checks
- And more!

Receive and Pay Your Bills Online

Many banks offer online bill payment as well as online banking. Online bill payment is a relatively inexpensive, simple, and fast way to pay your bills. With online bill pay, you can:

- Make one-time payments
- Schedule recurring payments
- Schedule payments in advance
- Get bills delivered online
- Update payment instructions
- Track payments
- Save money on stamps
- Save time

Paying your bills online does have its drawbacks, though. Setting up your bill payment account can be a rather time-consuming, tiresome process. You must be very careful when entering information about your bills, including payment amounts, account numbers, and the businesses to be paid. If you aren't careful, payments could be made to the wrong businesses, be credited to the wrong accounts, or not even be paid at all. And, some businesses don't even accept online bill payments! Finally, some banks charge an additional fee to pay your bills online.

Online bill-payment security precautions that most banks offer include:

- Account numbers not displayed online
- Automatic logoff
- Constant monitoring of systems
- I.D. and password required for account access
- Ability to change I.D. and password

Online Banking Guarantee

If you are considering online banking and/or online bill payment, make sure that you do your business with a bank that can guarantee that:

- Your accounts are secure.
- Your information remains private.
- Your payments will be made on time.

Name: _____ Date: _____

8.6.1 Online Banking Word Find

P R I V A C Y F A S P E D V H
 A I N T E R N E T V C C S K J
 S S T N W E R S D S B S E P Y
 S E R E B A B S O N A W C E G
 W L A I E F E E S L N A U D N
 O K N N M C E C I N K K R R I
 R I E E D B I C B E I L I N K
 D J T V D C V A A M N V T W N
 D U J N E A Y E A N G G Y A A
 A F N O F V T G V K I N L S B
 O R V C L I E N T B A S E D C
 L X G E O S F B A B L U R S I
 N S A C G J A E H E O K F Q N
 W W E V I N S A S N O I T P O
 O V B N N Y T W E R J K E C R
 D I G I T A L W A L L E T X T
 R L G F I K J W N A S E I V C
 D K U U G E L B I X E L F U E
 W N A V I G A T E N N D I J L
 A E R V I R T U A L B A N K E

SECURITY	ELECTRICBANKING	DIGITALWALLET	VIRTUALBANK
PRIVACY	FUN	INTERNET	DOWNLOAD
NAVIGATE	PCBANKING	SAFETY	INTRANET
FLEXIBLE	PASSWORD	OPTIONS	
LOGIN	CONVENIENT	IMAGES	
CLIENTBASED	WWW	ACCESS	

Name: _____ Date: _____

8.6.3 Online Banking Self-Assessment*Yes or No*

- _____ 1. **Do you value your time?**
Traditional banks bind you to their opening & closing times to do transactions. If you're often stretched for time to do your banking, then you're an ideal candidate to try banking online. You can do it at your convenience, any time of the day.
- _____ 2. **Would you like to reduce your banking fees?**
Most Americans don't realize that on average a checking account costs hundreds of dollars a year—in transaction costs, lower yields, and ongoing fees. Many online banks now offer free unlimited checking accounts.
- _____ 3. **Are you equipped to transact online?**
Do you have access to the Internet? If you intend to bank online, access to the web is key.
- _____ 4. **Are you comfortable with transacting online?**
If you are already browsing online, you must be familiar with secure Internet protocols that are used to transfer information over the Internet in an encrypted fashion.
- _____ 5. **How frequently do you go to your bank branch?**
If you rarely need certified checks, bank drafts, or other such services that require the involvement of bank tellers, then online banking may be a more effective and efficient option for you. If your nearest bank branch is miles away, then elect to try out banking online.
- _____ 6. **Do you get paid via direct deposit?**
If you do, then you may be able to get a very good deal from your online bank, many of whom will waive charges if you have your pay deposited directly into your bank account with them.
- _____ 7. **Do you mail a lot of checks to make bill payments?**
Mailing checks to pay your bills not only requires the cost of postage, but it also requires you to spend your valuable time writing checks. Traditional banks will charge you for every transaction. With online banking, you can pay your bills online and even schedule payments. This eliminates payments being delayed or lost in the mail.
- _____ 8. **Do you use personal finance software?**
If you use Quicken or some other similar financial software, online banking may be for you, since most personal finance software applications support banking online. You can even download your bank statements directly from your bank's web site into these different software packages.

Name: _____ Date: _____

8.6.3 Online Banking Self-Assessment (cont'd)

*Yes or No*_____ 9. **Are you comfortable banking at an ATM (Automated Teller Machine)?**

Are you someone who rarely needs to go to the bank branch because you're already "ATM friendly"? Many online banks offer the ability to do your banking from ATMs where you can deposit checks and withdraw money, and they offer rebates on a limited number of transactions at ATMs.

_____ 10. **Do you trade stocks online?**

Many online brokers are now beginning to offer products similar to online banks. So, if you already trade stocks online, consider moving your banking online, too, since many brokers offer very attractive deals for your banking business. Their goal is to keep all of your money within their group.

Skill Standards**Academic:**

- AD 1 Perform basic and higher level math operations (e.g., addition, subtraction, multiplication, division, decimals, fractions, units of conversion, averaging, percentage, proportion, ratios)
- AE 1 Locate, evaluate, and apply personal financial information

Accounting:

- OA 11 Prepare a personal and a business bank reconciliation
- OA 12 Reconcile the bank statement with the check register

Financial Services:

- OA 4 Apply the concepts of maintaining a checkbook and reconciling a bank statement
- OB 3 Possess general knowledge of the following: checking, savings, loans, certificates of deposit, investments, IRAs, customer services, trust services, ATMs, credit/debit card

Scenario

Your older brother Kyler, who is taking part in a study-abroad program this semester in England, fell behind on his banking in the weeks leading up to his departure for Europe. Each time that Kyler wrote a check, made a purchase, or deposited funds into his checking account, he jotted down information about the transaction, but he failed to enter the information into his check register. Now, Kyler has no idea how much money he has left to pay for his expenses in England, and he has asked you to help him take control of his finances.

Tasks

A. Record the following transactions in Kyler's checkbook register:

August Purchases, Payments, and Deposits

Date	Transaction	Amount	Description
08/02/2012	Check #1102	\$630.00	Jack's Bookstore—Book for next semester
08/06/2012	Deposit	\$25.00	Refund for book returned to Jack's Bookstore
08/07/2012	Deposit	\$350.00	Payment for landscaping work
08/07/2012	Debit Card	\$30.00	Jennie's Crab Legs
08/08/2012	Debit Card	\$25.22	Marathon—Gas
08/10/2012	Deposit	\$0.02	Interest earned
08/15/2012	Deposit	\$200.00	Payment for babysitting for Jack & Jill
08/15/2012	Electronic Withdrawal	\$79.50	State Farm—Car insurance
08/22/2012	Debit Card	\$7.50	Mike's Pop Shop
08/25/2012	Check #1103	\$250.00	Union Grove Apartments—Rent
08/28/2012	Debit Card	\$12.00	Al's Grocery
08/29/2012	ACH Deposit	\$330.00	Paycheck from ice cream shop
08/31/2012	Bank Fee	\$5.00	Recorded on bank statement
08/31/2012	Check #1104	\$75.15	Kentucky Electric—Utilities
08/31/2012	Check #1105	\$250.00	Education Services, Inc.—Student loan
08/31/2012	Deposit	\$200.00	From parents for books

Tasks (cont'd)

- B. Use Kyler's check register and bank statement to reconcile his bank account. Use the bank reconciliation form provided.



123 Main Street
Main Street, KY
(859) 555-5555

Account Statement

Account Number: 123456789
Statement Period: August 1, 2012
through August 31, 2012

Account Summary:

Beginning Balance	\$2,550.44
Credits/Deposits	\$905.02
Debits/Payments	\$1,039.22
Ending Statement Balance	\$2,416.24

Checking Activity:**Credits/Deposits**

08/06	Deposit	+	25.00
08/07	Deposit	+	350.00
08/15	Deposit	+	200.00
08/29	Deposit	+	330.00
08/10	Interest	+	0.02

Debits/Payments

08/03	Check 1102	-	630.00
08/27	Check 1103	-	250.00
08/07	Debit Card	-	30.00
08/08	Debit Card	-	25.22
08/22	Debit Card	-	7.50
08/28	Debit Card	-	12.00
08/15	Electronic Funds Transfer	-	79.50
08/31	Bank Fee	-	5.00

Name: _____ Date: _____

Tasks (cont'd)

Bank Reconciliation Form			
Outstanding Withdrawals			
Date	Detail	Amount	
_____	_____	_____	(A) Ending Bank Statement Balance _____
_____	_____	_____	(B) TOTAL Outstanding Withdrawals _____
_____	_____	_____	(C) Line (A) - Line (B) _____
_____	_____	_____	(D) TOTAL Outstanding Deposits _____
TOTAL Outstanding Withdrawals (B) _____			(E) Adjusted Ending Balance _____
			Line (C) + Line (D)
Outstanding Deposits			
Date	Detail	Amount	
_____	_____	_____	Line (E) should match the ending balance on your check register.
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
_____	_____	_____	
TOTAL Outstanding Deposits (D) _____			

C. After completing Kyler’s check register and reconciling his account, write a short letter to Kyler. In the letter, explain the steps that you followed to fill out his register and reconcile his account.

Evaluation Criteria

You must score a 3 or 4 on the scenario in order to pass this portion of the assessment.

Scoring Rubric

4

- Enters all transactional data into check register correctly with no mathematical errors
- Completes reconciliation form properly with no mathematical errors
- Thoroughly explains processes used to complete the check register and reconcile the account

3

- Enters most transactional data into check register correctly with few or no mathematical errors
- Completes reconciliation form properly with few mathematical errors
- Adequately explains processes used to complete the check register and reconcile the account

2

- Enters some transactional data into check register correctly with many mathematical errors
- Completes reconciliation form improperly but with few or no mathematical errors
- Provides limited explanation of processes used to complete the check register and reconcile the account

1

- Enters little or no transactional data into check register correctly with many mathematical errors
- Completes reconciliation form improperly with many mathematical errors
- Provides little or no explanation of processes used to complete the check register and reconcile the account