



# Check It Out

*FDIC Money Smart for Young Adults*



Building: Knowledge, Security, Confidence

# Purpose

- ***Check It Out*** will teach you how to use a checking account responsibly



# Objectives

**By the end of this course, you will be able to:**

- **State the benefits of using a checking account**
- **Determine which checking account is best for you**
- **Identify the steps involved in opening a checking account**
- **Add and withdraw money from a checking account**
- **Reconcile a check register with a bank statement**



# Check vs Cash?





# Checking Accounts

A checking account lets you write checks and use a debit card to:

- **Pay bills**
- **Make purchases**



# Benefits of Checking Accounts

- **Convenience**
- **Cost**
- **Better money management**
- **Safety**



# Convenience

## Checking accounts:

- **Quick and easy access to your money**
- **Let you “direct-deposit” payroll and other checks**
- **Eliminate the need to carry a lot of cash**



# Cost

Less expensive than:

- **Services that cash checks**
- **Buying money orders**





# Better Money Management

Having a checking account lets you:

- **Keep a record of “transactions”**
- **Build a positive relationship with your bank**



# Safety

## Having a checking account:

- **Is safer than carrying large amounts of cash**
- **Protects your checks and check card if they are lost or stolen**
- **Means your money is insured up to the maximum amount allowed by law**



# Types of Checking Accounts

- **Free/low-cost checking**
- **Electronic/ATM checking**
- **Regular checking**
- **Interest checking**



# Activity 1: Types of Checking Accounts

## Complete Activity 1 in your Participant Guide

- Read the scenarios
- Be prepared to discuss what you would recommend in each scenario





# Fee Schedule

Some common bank fees include:

- **Monthly service fee**
- **Minimum balance fee**
- **Automated Teller Machine (ATM) user fee**
- **Overdraft fee**
- **Stop payment fee**



# Activity 2: Understanding Banking Fees

## Complete Activity 2 in your Participant Guide

- Be prepared to discuss your answers with the class



# Activity 3: Choosing a Checking Account Checklist

## Complete Activity 3 in your Participant Guide

- Review the “Choosing a Checking Account” checklist



# Needed to Open a Checking Account

- **Photo ID**
- **Social Security number (SSN)**
  - Or Individual Taxpayer Identification Number (ITIN)
- **A deposit**





# Signature Card

- **Identifies and contains the signature of the owner of the account**



# Account Verification

Bank or credit union reviews your checking account history:

- Are you responsible?
- Are you who you say you are?



# Activity 4: A Checking Account and You

## Complete Activity 4 in your Participant Guide

- Complete the “Checking Account and You” worksheet
- Be prepared to discuss whether a checking account is a good choice for you



# Using A Checking Account

- **Check register**
- **Write checks**
- **ATM/Debit card**





# Activity 5: The Check Register

**Complete Activity 5 in your  
Participant Guide**

- **Follow your instructor's directions**



# The Checkbook

Contains:

- Checks
- Deposit slips



# Steps to Writing a Check

- **Enough money?**
- **Write the check**
- **Record the transaction in your check register**



# Activity 6: Writing A Check

## Complete Activity 6 in your Participant Guide

- Follow directions to complete this activity



# Sample Check

The image shows a sample check form with the following fields and callouts:

- 1**: Points to the **Date:** field.
- 2**: Points to the **YOUR NAME** field.
- 3**: Points to the **105** field.
- 4**: Points to the **FINANCIAL INSTITUTION** field.
- 5**: Points to the **Memo** field.
- 6**: Points to the **00-6879 770** MICR line.
- 7**: Points to the **YOUR ADDRESS** and **YOUR PHONE NUMBER** fields.
- 8**: Points to the **\$** symbol.
- 9**: Points to the **105** field.
- 10**: Points to the **0000 0 000 0 0.** MICR line.
- 11**: Points to the **000000000** MICR line.

The check form includes the following text and fields:

**YOUR NAME**  
YOUR ADDRESS  
YOUR PHONE NUMBER

**Date:** \_\_\_\_\_

**105**

**00-6879**  
**770**

**PAY TO THE ORDER OF** \_\_\_\_\_ **\$** \_\_\_\_\_

\_\_\_\_\_ **Dollars**

**FINANCIAL INSTITUTION**

**Memo** \_\_\_\_\_

**000000000** **0000** **0000 0** **000 0 0.**





# Sample Checks

**YOUR NAME**  
YOUR ADDRESS  
YOUR PHONE NUMBER

Date: \_\_\_\_\_

105

00-6879  
770

PAY TO THE ORDER OF \_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ Dollars

**FINANCIAL INSTITUTION**

Memo \_\_\_\_\_

:00000000 :0000 0000 0 000 0 0.:

**YOUR NAME**  
YOUR ADDRESS  
YOUR PHONE NUMBER

Date: 2/26/20XX

105

00-6879  
770

PAY TO THE ORDER OF Best Tees \$ 19.75

Nineteen and 75/100 \_\_\_\_\_ Dollars

**FINANCIAL INSTITUTION**

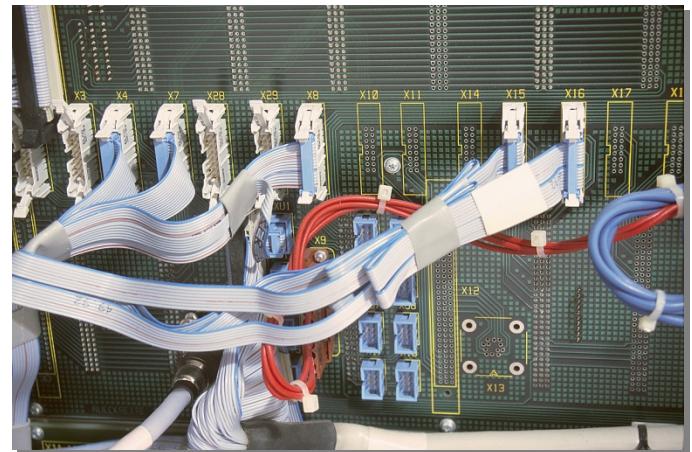
Memo shirt \_\_\_\_\_ Your signature

:00000000 :0000 0000 0 000 0 0.:



# Electronic Banking

- **ATM transactions**
- **Debit card transactions**
- **Electronic bill pay**



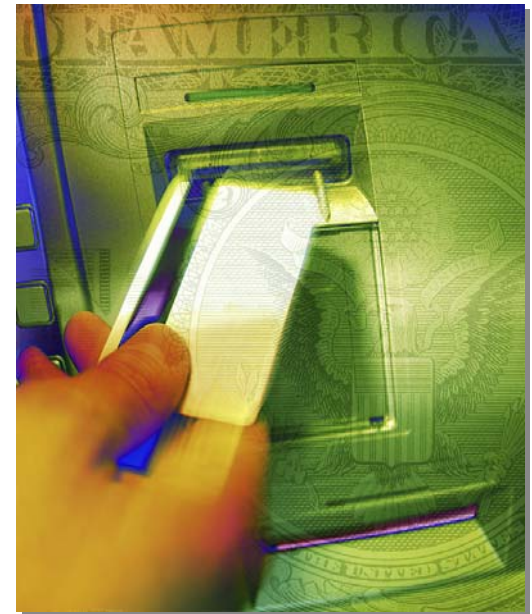
# Debit Card

A debit card lets you:

- Deposit and withdraw money
- Make purchases at retail locations

**Be careful!**

- The money is immediately taken out of your account



# Activity 7: Credit Cards and Debit Cards

## Complete Activity 7 in your Participant Guide

- Discuss how credit cards are different from debit cards





# Electronic Bill Pay

- **Automatically pays your bills from your account**
  - No postage
  - No late payments
- **Also pay bills online**





# Activity 8: Record a Cash Withdrawal and a Debit Card Purchase

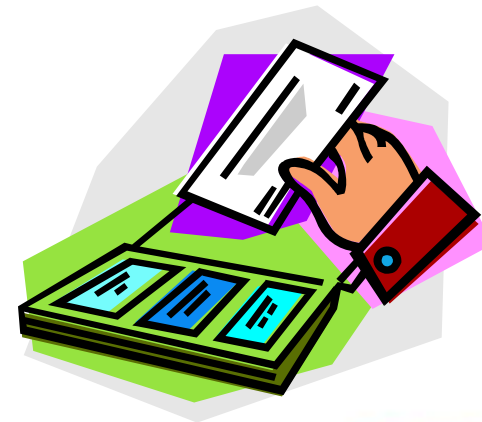
## Turn to Activity 8 in your Participant Guide

- In your practice check register record:
  - A \$40 cash withdrawal
  - A lunch purchase of \$5.75
- What is your new account balance?



# Add Money to Your Checking Account

- Cash or check deposit using the teller service
- ATM deposit
- Deposit by mail
- Direct deposit



# Sample Deposit Slip

|  |   |  |
|--|---|--|
| <b>DEPOSIT<br/>TICKET</b>              | <b>Your Name</b>  |  |
|  | <b>Your Address</b>   |  |
|  | <b>Your Phone Number</b>  |  |
|  | <b>DATE</b> <i>3/22/20XX</i>  |  |
|  | <small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL</small>         |  |
|  | <small>SIGN HERE IF CASH RECEIVED FROM DEPOSIT</small>                        |  |
|  | <b>YOUR FINANCIAL INSTITUTION</b>   |  |
|  | <b>YOUR CITY, STATE Zip Code</b>  |  |
|  | <small>DO NOT USE FOR AUTOMATIC<br/>PAYMENT OR CHECK<br/>TRANSACTIONS</small> |  |
|  | :00000000 : 00000 00000.:   |  |
|  | <b>CURRENCY</b>   |  |
|  | <b>COIN</b>   |  |
| <b>C<br/>H<br/>E<br/>C<br/>K<br/>S</b> | <b>Check</b>  |  |
|  | <b>OR TOTAL<br/>FROM REVERSE</b>  |  |
|  | <b>SUBTOTAL</b>   |  |
|  | <b>LESS CASH<br/>RECEIVED</b>   |  |
|  | <b>NET<br/>DEPOSIT</b>  |  |



# Activity 9: Depositing Cash

## Complete Activity 9 in your Participant Guide

- Complete the deposit clip
- Enter the transaction in your practice register
- Information:
  - Date 3/22/20XX
  - Description: Deposit
  - Deposit/Credit (+): \$30 cash



# Sign the Back of the Check

**ENDORSE HERE**

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DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE  
RESERVED FOR FINANCIAL INSTITUTION USE \*





# Sample Deposit Slip Front and Back

**Your Name**  
**Your Address**  
**Your Phone Number**

**DEPOSIT**  
**TICKET**

**DATE**  
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

SIGN HERE IF CASH RECEIVED FROM DEPOSIT

**YOUR FINANCIAL INSTITUTION**  
**YOUR CITY, STATE Zip Code**

DO NOT USE FOR AUTOMATIC  
PAYMENT OR CHECK  
TRANSACTIONS

:00000000 : 00000 00000.:

CURRENCY \_\_\_\_\_

COIN \_\_\_\_\_

**Check** \_\_\_\_\_

OR TOTAL  
FROM REVERSE \_\_\_\_\_

**CHECKS**

SUBTOTAL \_\_\_\_\_

LESS CASH  
RECEIVED \_\_\_\_\_

NET  
DEPOSIT \_\_\_\_\_

| Checks List singly | Dollars | Cents |
|--------------------|---------|-------|
| 1                  |         |       |
| 2                  |         |       |
| 3                  |         |       |
| 4                  |         |       |
| 5                  |         |       |
| 6                  |         |       |
| 7                  |         |       |
| 8                  |         |       |
| 9                  |         |       |
| 10                 |         |       |
| 11                 |         |       |
| 12                 |         |       |
| 13                 |         |       |
| 14                 |         |       |
| 15                 |         |       |
| 16                 |         |       |
| <b>TOTAL</b>       |         |       |

**ENTER TOTAL ON THE FRONT OF THIS  
TICKET**



# Activity 10: Depositing A Check

## Complete Activity 10 in your Participant Guide

- Complete a deposit slip
- Enter in your practice register
  - Date 3/22/20XX
  - Description: Deposit
  - Deposit/Credit (+): \$50 cash
  - Less Cash Received: \$25.00



# ATM Deposits

- Like an ATM withdrawal
- Use the special deposit envelope
- Take the receipt



# Mail Deposits

- Include a deposit slip with the check
- **NEVER** send cash through the mail



# Direct Deposit

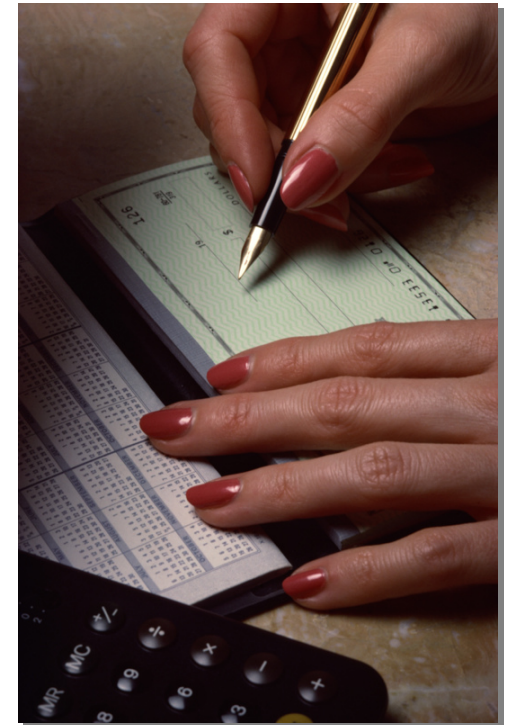
- **Directly into your checking account**
- **Your money is available immediately**
- **Safe**
- **Easy to sign-up**





# An Accurate Record of Checking Account Activity

- **Record all transactions including:**
  - Maintenance fees
  - Interest
  - Other bank charges
- **Reconcile your check register with your monthly checking account statement**



# Checking Account Statement

A monthly report from your bank listing:

- **Checks you wrote**
- **Withdrawals and deposits**
- **Debit card purchases**
- **Bank fees**



# Activity 11: The Bank Statement

## SAMPLE CHECKING ACCOUNT STATEMENT

1      2      3      4

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Your Bank  
 Street Address  
 City, State Zip

Your Name  
 Street Address  
 City, State Zip

Account Number 0000000000

### Summary of Account Activity

For period ending      3/20/20\_\_  
 Date of last statement      2/20/20\_\_

| Date | Transaction Description | Withdrawal/<br>Deposit Amount | Balance |
|------|-------------------------|-------------------------------|---------|
| 2/20 | Opening Balance Deposit | 200.00                        | 200.00  |
| 2/26 | Check #105              | -19.75                        | 180.25  |
| 3/12 | ATM Withdrawal          | - 40.00                       | 140.25  |
| 3/18 | Monthly Fee             | -5.00                         | 135.25  |

5

6

7

### Cleared Checks

**Check #**  
 105

**Amount**  
 19.75

### Summary

| Previous Balance | Total Deposits | Total Withdr. | No. of Checks | No. ATM Transactions | No. of Deposits | Service Charge | New Balance |
|------------------|----------------|---------------|---------------|----------------------|-----------------|----------------|-------------|
| \$200.00         | \$0            | \$ 64.75      | 1             | 1                    | 0               | \$5.00         | \$135.25    |



# Checking Account Reconciliation Form

| CHECKS OUTSTANDING - NOT CHARGED TO ACCOUNT |              | Bank balance shown on this statement                            | \$ |
|---|--------------|---|----|
| Check Number                                | Check Amount |   |    |
|   |              |   |    |
|   |              | Subtract withdrawals outstanding                                | \$ |
|   |              | Total   | \$ |
|   |              |   |    |
|   |              | Add deposits outstanding  | \$ |
|   |              |   | \$ |
|   |              |   | \$ |
|   |              | Balance   | \$ |
|   |              | *This balance should agree with balance in your check register. |    |
| Total                                       | \$           |   |    |



# Activity 12: Reconciling Your Account

## Complete Activity 12 in your Participant Guide

- Follow your instructor's directions to complete the Account Reconciliation Form





# Reconciling Your Checking Account

Does...

| 1            | 2    | 3                          | 4                 | 5   | 6                  | 7       |
|--------------|------|----------------------------|-------------------|-----|--------------------|---------|
| Check Number | Date | Description of Transaction | Payment/Debit (-) | Fee | Deposit/Credit (+) | Balance |
|              | 2/20 | Opening Deposit            |                   |     | 200 00             | 200.00  |
| 105          | 2/26 | BestTees                   | 19.75             |     |                    | 180.25  |
| ATM          | 3/12 | Cash                       | 100 00            |     |                    | 80.25   |
| EFT          | 3/22 | Lunch                      | 9 25              |     |                    | 71.00   |
| ATM          |      | Deposit                    |                   |     | 30 00              | 101.00  |
|              |      | Deposit with cash back     |                   |     | 50 00              | 151.00  |
|              |      | Cash back                  | 25.00             |     |                    | 126.00  |
|              |      | Bank Fee                   | 5 00              |     |                    | 121.00  |
|              |      |                            |                   |     |                    |         |
|              |      |                            |                   |     |                    |         |



## SAMPLE CHECKING ACCOUNT STATEMENT

| 1  | 2                       | 3                             | 4  |
|--|-------------------------|-------------------------------|--|
| Your Bank<br>Street Address<br>City, State Zip |                         |                               | Your Name<br>Street Address<br>City, State Zip<br>Account Number 000000000 |
| <b>Summary of Account Activity</b>             |                         |                               |  |
| For period ending                              |                         | 3/20/20__                     |  |
| Date of last statement                         |                         | 2/20/20__                     |  |
| Date   | Transaction Description | Withdrawal/<br>Deposit Amount | Balance  |
| 2/20   | Opening Balance Deposit | 200.00                        | 200.00   |
| 2/26   | Check #105              | -19.75                        | 180.25   |
| 3/12   | ATM Withdrawal          | - 40.00                       | 140.25   |
| 3/18   | Monthly Fee             | -5.00                         | 135.25   |
| <b>Cleared Checks</b>                          |                         |                               |  |
| 6  | Check #                 | Amount                        | 7  |
|  | 105                     | 19.75                         |  |
| <b>Summary</b>                                 |                         |                               |  |
| Previous Balance                               | Total Deposits          | Total Withdr.                 | No. of Checks  |
| \$200.00                                       | \$0                     | \$ 64.75                      | 1  |
|  |                         |                               | No. of ATM Transactions  |
|  |                         |                               | 1  |
|  |                         |                               | No. of Deposits  |
|  |                         |                               | 0  |
|  |                         |                               | Service Charge   |
|  |                         |                               | \$5.00   |
|  |                         |                               | New Balance  |
|  |                         |                               | \$135.25   |



# “Bad” or NSF Check

- A check you write when there isn't enough money in your checking account to cover it
- Also called a “bounced check”



# Consequences of Writing Bad Checks

- **Bad check fees**
- **Negative activity reported**
- **Bank closes your account**
- **Civil and/or criminal prosecution**
- **Merchants may not accept your checks**
- **Your credit may be impacted**



# CONCLUSION: Check vs Cash = ATM



# Check It Out!



**Congratulations! You have completed the module. You have learned:**

- **The benefits of using a checking account**
- **Which checking account is best for you**
- **The steps involved in opening a checking account**
- **How to add and withdraw money from a checking account**
- **How to reconcile a check register with a bank statement**





# Assess Your Knowledge

**Don't forget to complete the Knowledge Check in your Participant Guide.**

