Know Your

CHECKING ACCOUNT

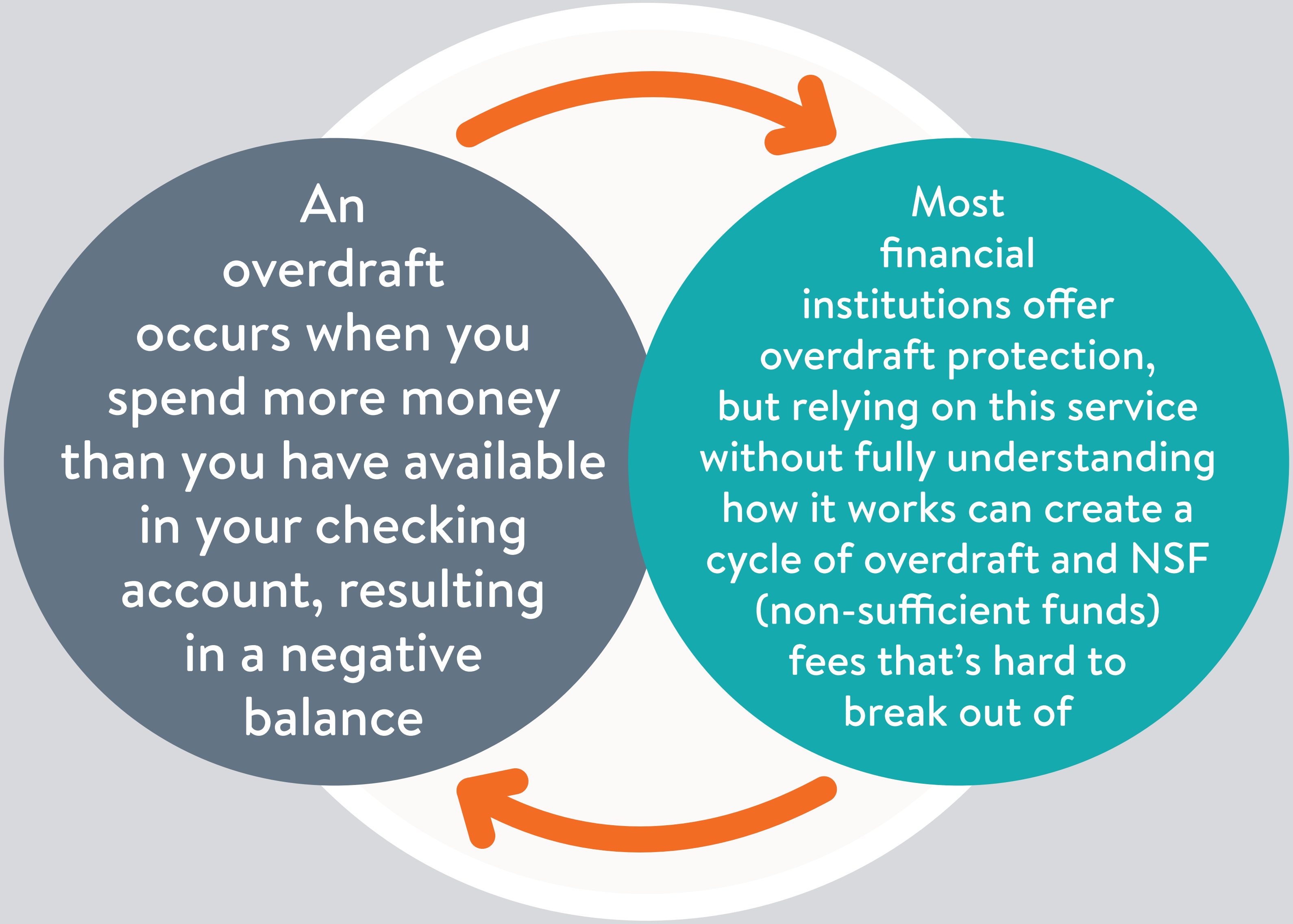
BROUGHT TO YOU BY

FirefightersFirst
CREDIT UNION
It's yours.

- IT'S A -
MONEY THING®

Understanding

OVERDRAFT


An overdraft occurs when you spend more money than you have available in your checking account, resulting in a negative balance
Most financial institutions offer overdraft protection, but relying on this service without fully understanding how it works can create a cycle of overdraft and NSF (non-sufficient funds) fees that's hard to break out of

OVERDRAFT SCENARIOS

ACCOUNT BALANCE IGNORANCE

Not keeping track of your account totals

HOLD ON

Making purchases that place holds on your account

PROCESSING LIMITATIONS

Spending money before a paycheck has cleared

OVERDRAFT PROTECTION

VS.

OPTING OUT

Let's say that you're buying a brand-new gadget at the store. Your last paycheck hasn't cleared, so you're unaware that your current available balance is only $150. The gadget costs $160. You pull out your debit card and...


DEBIT
WITH OVERDRAFT PROTECTION
The transaction goes through
WITHOUT OVERDRAFT PROTECTION
Your card gets declined and the transaction does not go through

WITH OVERDRAFT PROTECTION

Depending on how your financial institution handles overdraft situations:

Funds are transferred from your savings account to cover the transaction

OR

Your account then becomes overdrawn, resulting in a negative balance

WITH OVERDRAFT PROTECTION

BENEFIT

You avoid the inconvenient situation of having your card declined

WITHOUT OVERDRAFT PROTECTION

BENEFIT

You avoid a negative balance and any potential NSF (non-sufficient funds) fees that go along with it

WITH OVERDRAFT PROTECTION

CONSIDERATIONS

You may be charged an overdraft fee

—

You may be charged an NSF (non-sufficient funds) fee for having a negative balance

You may also be charged a recurring fee until your balance is positive

—

If you frequently overdraw your account, you may be able to pay a monthly fee to reduce your total fee costs

WITHOUT OVERDRAFT PROTECTION

CONSIDERATIONS

Having your card declined can be inconvenient and embarrassing

—

In emergency situations, it can be extremely troubling

DID YOU KNOW?

According to Regulation E, consumers have the ability to opt out of overdraft protection for any debit card or ATM transaction

HOW TO STAY AHEAD OF THE FEES

SET UP ALERTS

Most financial institutions will allow you to set up alerts that will inform you of your balance

BORROW BETTER

To protect yourself from the high costs of fees, consider taking out a credit card with a low interest rate for emergencies

BALANCE YOUR CHECKBOOK

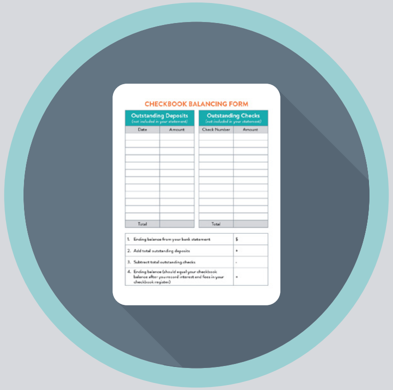
This will give you a firm knowledge of how much money is in your checking account

Balance Your
CHECKBOOK

BALANCE YOUR CHECKBOOK

WHAT YOU'LL NEED

Your most recent statement and/or canceled checks



A checkbook balancing form

Your checkbook register

A calculator and a pencil

RECONCILE YOUR CHECKS

Determine if there are checks that haven't cleared your account

RECONCILE YOUR DEPOSITS

Make sure each deposit shown on your statement is recorded in your checkbook register

STEP
3

RECONCILE YOUR ATM WITHDRAWALS AND DEBIT CARD PURCHASES

Go through the same process with your ATM withdrawals and debit card purchases

STEP
4

RECORD INTEREST EARNED AND FEES

Check your statement for any other fees and record them in your checkbook register

STEP

5

CHECKBOOK BALANCING FORM

Outstanding Deposits (not included on your statement)	
Date	Amount
Total	

Outstanding Checks (not included on your statement)	
Check Number	Amount
Total	

1. Ending balance from your bank statement	$
2. Add total outstanding deposits	+
3. Subtract total outstanding checks	-
4. Ending balance (should equal your checkbook balance after you record interest and fees in your checkbook register)	=

LIST OUTSTANDING DEPOSITS

Go through your checkbook register and in column one of the checkbook balancing form, list any outstanding deposits

STEP 6

CHECKBOOK BALANCING FORM

Outstanding Deposits (not included on your statement)		Outstanding Checks (not included on your statement)	
Date	Amount	Check Number	Amount
Total		Total	

1. Ending balance from your bank statement	$
2. Add total outstanding deposits	+
3. Subtract total outstanding checks	-
4. Ending balance (should equal your checkbook balance after you record interest and fees in your checkbook register)	=

LIST OUTSTANDING CHECKS

In column two of the balancing form, list your outstanding checks, as well as any outstanding debit purchases or ATM withdrawals

STEP 7

CHECKBOOK BALANCING FORM

Outstanding Deposits (not included on your statement)	
Date	Amount
Total	

Outstanding Checks (not included on your statement)	
Check Number	Amount
Total	

1. Ending balance from your bank statement	$
2. Add total outstanding deposits	+
3. Subtract total outstanding checks	-
4. Ending balance (should equal your checkbook balance after you record interest and fees in your checkbook register)	=

RECORD YOUR ENDING BALANCE

On line 1 of the bottom section of the checkbook balancing form, enter the ending balance shown on your statement

STEP 8

CHECKBOOK BALANCING FORM

Outstanding Deposits (not included on your statement)		Outstanding Checks (not included on your statement)	
Date	Amount	Check Number	Amount
Total		Total	

1. Ending balance from your bank statement	$
2. Add total outstanding deposits	+
3. Subtract total outstanding checks	-
4. Ending balance (should equal your checkbook balance after you record interest and fees in your checkbook register)	=

ENTER OUTSTANDING DEPOSITS

On line 2 of the bottom section of the checkbook balancing form, enter the total outstanding deposits from column one

STEP 9

CHECKBOOK BALANCING FORM

Outstanding Deposits (not included on your statement)	
Date	Amount
Total	

Outstanding Checks (not included on your statement)	
Check Number	Amount
Total	

1. Ending balance from your bank statement	$
2. Add total outstanding deposits	+
3. Subtract total outstanding checks	-
4. Ending balance (should equal your checkbook balance after you record interest and fees in your checkbook register)	=

ENTER OUTSTANDING CHECKS

On line 3 of the bottom section of the checkbook balancing form, enter the total outstanding checks from column two

STEP 10

CHECKBOOK BALANCING FORM

Outstanding Deposits (not included on your statement)	
Date	Amount
Total	

Outstanding Checks (not included on your statement)	
Check Number	Amount
Total	

1. Ending balance from your bank statement	$
2. Add total outstanding deposits	+
3. Subtract total outstanding checks	-
4. Ending balance (should equal your checkbook balance after you record interest and fees in your checkbook register)	=

CALCULATE YOUR BALANCE

Use a calculator to total lines 1 through 3, as indicated by the plus and minus signs on the form, and enter the new total on line 4

STEP 10

CHECKBOOK BALANCING FORM

Outstanding Deposits (not included on your statement)	
Date	Amount
Total	

Outstanding Checks (not included on your statement)	
Check Number	Amount
Total	

1. Ending balance from your bank statement	$
2. Add total outstanding deposits	+
3. Subtract total outstanding checks	-
4. Ending balance (should equal your checkbook balance after you record interest and fees in your checkbook register)	=

CALCULATE YOUR BALANCE

Your new total should equal the balance shown in your checkbook register; if it doesn't, figure out what's at cause—sometimes it's an entry error or a slip-up in your math, but it could be an error by your financial institution

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Sources: CreditCards.com, *Forbes*

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