

*Know Your*  
**CHECKING ACCOUNT**

BROUGHT TO YOU BY



**DuGood**  
Credit Union

- 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...**





## **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*

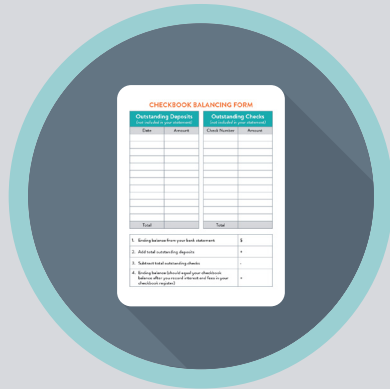
*Balance Your*  
**CHECKBOOK**

# 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*

STEP

1



## RECONCILE YOUR CHECKS

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



STEP

2



## 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 <small>(not included on your statement)</small>		Outstanding Checks <small>(not included on your statement)</small>	
Date	Amount	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 <small>(not included on your statement)</small>		Outstanding Checks <small>(not included on your statement)</small>	
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 <small>(not included on your statement)</small>		Outstanding Checks <small>(not included on your statement)</small>	
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)	=

# 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 <small>(not included on your statement)</small>		Outstanding Checks <small>(not included on your statement)</small>	
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 <i>(not included on your statement)</i>		Outstanding Checks <i>(not included on your statement)</i>	
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 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 <i>(not included on your statement)</i>		Outstanding Checks <i>(not included on your statement)</i>	
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)	=

# 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 <i>(not included on your statement)</i>		Outstanding Checks <i>(not included on your statement)</i>	
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)	=	

# 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](https://www.creditcards.com), *Forbes*

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