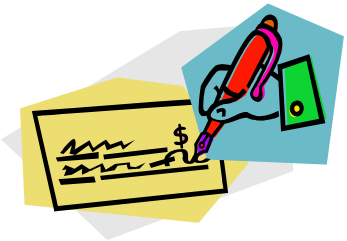
What is a "check"?

A check is a piece of paper and a legal document that promises someone that they'll receive payment from you. When you write a check, you are entering into an agreement or a "mini-contract".

What is on the check?

All checks have these things in common>They have sections to write:
*Today's date
*Name of the payee (the person or place who'll receive the $$)
*The amount of the check—written once in #'s & once in words. The "written in words" section is the **legal amount**.
*The memo line for recording the purpose of the check
*The signature line, which is where you sign giving permission and promise that the person/place that you wrote the check to will be paid.
*Name & address in top, left-hand corner; name of financial institution in lower left corner, # of the check in upper right corner. Routing & account #'s on bottom.



Why have a checking (share draft) account?

*It's convenient—carry less cash. It's safer to keep cash in the credit union/bank and pay for things by check.
*Easier to pay bills with—shouldn't send cash in the mail.
*Helps you to keep a record of where your money is spent—great for budgeting and managing your money.
*It gives you a "receipt" that you paid for something.
*You may have access to a debit card that is accepted universally.

How to write a check?

*Use ink—not pencil.
*write legibly—using your best penmanship.
*Never "post-date" a check.
*Always start at the far left of the line so no one can make changes.
*Do not write a check if you don't have funds in your account.
*If you make a mistake, write "VOID" on the check, and write a new one. Crossing out errors does not look good—may not be acceptable.
*write checks in numerical order
*When signing the check >don't use nicknames, etc.—write your full name & sign it last>the same way each time.
*only person on the checking account can write the check.

Let's practice…..

Where does a check go?

From you—the drawer of the check>**to the payee**—who you wrote the check to—that person or place endorses the check (or stamps for deposit only) and takes to their bank or credit union and deposits in their account there. From there the check goes to a clearing house. Then the money leaves your account to make the check "good" on your promise to pay the person/place.

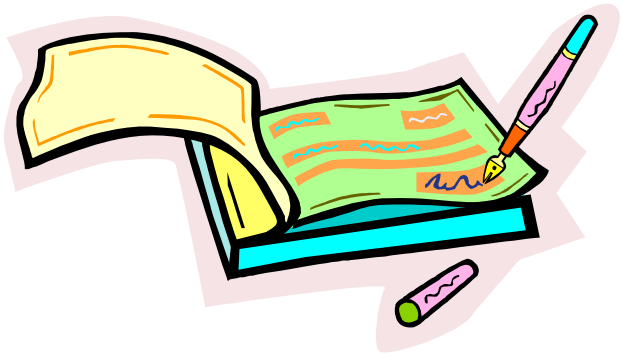
What happens if there is not enough funds/money in your checking account and you write a check anyway?

BOUNCE…BOUNCE….BOUNCE!!! equals **FEES…FEES…FEES*!!!***
*You DON'T want to do this!!!
*May lose your ability to write checks—your checking account may be closed if you do it too many times.
*If you **do** bounce a check, and do not "take care" of it right away—affects your credit report.
So you need to "balance your checking account" in order to know exactly how much $$ you have to write a check with.
*An **overdraft account**—that's attached to your checking account--could be set up to help be a "safety net" for you.

What is "Check 21"?

Basically, the check can electronically clear on the same day that you wrote the check. Therefore, you MUST have those funds in your account when you write the check!!!

Balancing/Reconciling your checkbook

*means you and the credit union/bank agree on how much is in your checking account
*gives you good, accurate records
*should balance at <u>least</u> every month!!!
*always record in your check register **right away** when you write a check—or when you have used your debit card for a transaction—You don't want to forget or you may bounce a check or be denied at the store.

Extra Q & A
How old do you have to be to open a checking account?
Does the checking account earn interest on your money?
What about *online banking*? Direct deposit?