

How to Manage Your Checking Account

If you're like most people, when you write a check-or share draft-it's so automatic and works so well you probably don't think much about it. And once you establish good checking habits, you don't need to think much about it. Check and share draft systems run smoothly when people follow common rules.

How to write a check

Direct deposit protects you from theft, but a forger still can use your stolen checks or discarded deposit slips, and "your" signature, to steal from your account. You also should develop good habits to reduce the possibility that honest errors will result in mistakes in your account. Risk management experts offer these suggestions:

1. **Don't use pencil or erasable ink.** Avoid ink colors other than blue or black. Some credit unions record cleared checks on microfilm, which doesn't show red ink clearly, for example.
2. **Use the correct date.** Even a postdated check can be deposited for payment.
3. **Don't make out a draft or check to "cash."** This allows anyone to cash it. Instead, write in the name of the cashing institution or your own name.
4. **Draw a line after the name of the party who's supposed to get the money.** This prevents a thief from becoming an alternate payee by adding the word "or" and an alias.
5. **Don't use abbreviations on the payee line.** A clever forger can change such terms as "Co." or "Inc." into believable names.
6. **Print figures as close to the preprinted dollar sign as possible.** This makes it hard to raise the amount by inserting a digit, for example, changing \$ 25 to \$125. Don't think only large, obvious amounts are at stake. One credit union teller described a fraud where a grocery clerk raised the amount on checks by \$10. For example, she would insert the number 1 before the 9 in \$9.32 and squeeze the word "teen" between the written "nine" and "32/100." The clerk pocketed \$10 from the cash drawer several times a week.
7. **Print the written amount in capital letters, which are much harder to alter than script.** Print the amount beginning at the extreme left and draw a line through the rest of the amount space. Otherwise, TWENTY-FIVE could become ONE TWENTY FIVE or TWENTY-FIVE HUNDRED.
8. **Develop a form of your name to use only when you sign share drafts, checks, and other documents.** For example, if you're known as "Ed Miller," reserve "Edward Miller" for share drafts. With this special signature on file and on your driver's license or similar identification, anyone who presents your draft for payment with any other form of your name will be suspect. And, a forger will need more than your personal correspondence to copy your signature.
9. **Sign your name rapidly, freely, and legibly.** Connect all letters and avoid elegant flourishes. Play with decorative signatures on personal correspondence if you like, but keep your legal signature consistent.
10. **If carbonless copies of written share drafts don't "block out" your signature, obscure your signature on used drafts.** Prevent leaving an impression of your name on the following check by filling in each check except for your signature, then removing the draft from the pad and signing it on a hard surface.
11. **Never presign your share drafts or checks.**
12. **If you make a mistake, write a correction and initial it if you can do so neatly.** If not, rip up the share draft, mark it "void" in your register, and start over.
13. **Deposit funds before you write the check they're supposed to cover.** The Check Clearing for the 21st Century Act (Check 21) cut the time it takes a check to clear from days to hours.

Remember that your account balance changes continually as transactions clear. So don't rely solely on your balance from an ATM (automated teller machine) receipt or from a phone call to the credit union.

Ask at the credit union about overdraft protection.

How to deposit a check

- You must endorse-sign-a check before you can deposit it. If there's an error in your name on the face of the check, you must endorse the check showing the error. Then sign your name correctly just below the first signature for verification.
- Often, you'll use a "blank" endorsement by simply signing your name as shown on the face of the check. The problem with a blank endorsement is that it makes the check negotiable by anyone presenting it for payment. Anyone finding a lost, endorsed check can cash it for its face value.
- You can protect yourself if you specify that a check is "for deposit only" above your signature; this is called restrictive endorsement.
- Another common endorsement is "special" and limits the use of the check. You can use the special endorsement "pay to the order of" and then name the person to whom you're signing over the check; remember to include your signature.
- When you deposit a check, you may not have access to the funds right away. The expedited Funds Availability Act determines how long an institution may "hold" a check before crediting your account. Your credit union will inform you of its funds availability policy. Holds vary based on where you deposit your check (with a teller, by mail, or at an ATM), and where the check is from (the government, a local party, or out of state, for example).

The staff at your credit union can answer your questions and help you develop good share draft habits. Ask them for help when you have questions.

How to reconcile your account

1. Start with the balance in your register.	_____
2. Subtract any service charges that are on the statement.	- _____
3. Add any dividends your account earned.	+ _____
4. This is your new register balance:	=====
5. Start with the end balance from the statement.	_____
6. Add recent funds you've deposited not on the statement.	+ _____
7. Subtract the total of all drafts written but not cleared, Debit card transactions, and ATM withdrawals since the Statement.	- _____
8. Your new balance:	=====

Your account reconciles when your register balance (line 4) matches your new balance (line 8).