

Know Your **CHEQUING ACCOUNT**

BROUGHT TO YOU BY



Chilliwack
Learning
Society

- IT'S A -
**MONEY
THING®**

Understanding
OVERDRAFT

An
overdraft
occurs when you
spend more money
than you have available
in your chequing
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
paycheque has cleared*

OPTING IN TO OVERDRAFT PROTECTION

VS.

OPTING IN

Let's say that you're buying a brand-new gadget at the store. Your last paycheque 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?

In Canada, overdraft protection is covered under negative option billing regulations—it cannot be added without your consent

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 CHEQUEBOOK

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

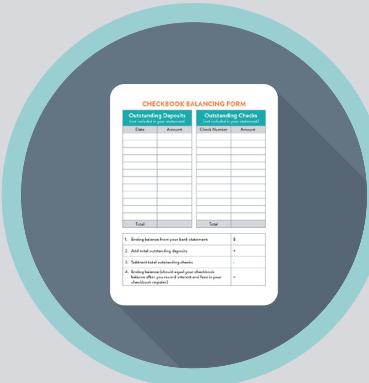
Balance Your
CHEQUEBOOK

BALANCE YOUR CHEQUEBOOK

WHAT YOU'LL NEED



Your most recent statement and/or cancelled cheques



A chequebook balancing form



Your chequebook register



A calculator and a pencil

STEP
1



RECONCILE YOUR CHEQUES

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

STEP
2



RECONCILE YOUR DEPOSITS

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

STEP 5

CHEQUEBOOK BALANCING FORM

LIST OUTSTANDING DEPOSITS

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

**STEP
6**

CHEQUEBOOK BALANCING FORM

Outstanding Deposits <i>(not included on your statement)</i>		Outstanding Cheques <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 cheques -

4. Ending balance (should equal your chequebook balance after you record interest and fees in your chequebook register) =

LIST OUTSTANDING CHECKS

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

STEP 7

RECORD YOUR ENDING BALANCE

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

STEP 8

ENTER OUTSTANDING DEPOSITS

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

STEP 9

ENTER OUTSTANDING CHEQUES

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

STEP 10

CHEQUEBOOK BALANCING FORM

Outstanding Deposits (not included on your statement)		Outstanding Cheques (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 cheques	-
4. Ending balance (should equal your chequebook balance after you record interest and fees in your chequebook 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

CHEQUEBOOK BALANCING FORM

CALCULATE YOUR BALANCE

Your new total should equal the balance shown in your chequebook 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

BROUGHT TO YOU BY



Chilliwack
Learning
Society

Sources: CreditCards.com, *Financial Post*, *Forbes*

It's a Money Thing is a registered trademark of Currency Marketing

- IT'S A -
MONEY THING®