Balancing Your Bank Account 1/5

ACTIVITY
Individual
15 MINUTES

MATERIALS
Activity handout; calculator

OBJECTIVE

Students will practice balancing and reconciling a bank account with the goal of understanding the importance of knowing how much money they have available

STANDARDS

Spending and Saving Standard 1: Develop a plan for spending and saving.
Spending and Saving Standard 2: Develop a system for keeping and using financial records.

PROCEDURE

1. Introduce the activity and review the key terms.
2. Distribute the activity handout and stress the importance of being able to balance and reconcile a bank account using an account register and a bank statement.
3. Instruct students to complete the two activities and answer the questions at the end of the handout.

KEY TERMS

Account Register: A tool to keep track of bank account transactions
Bank Fees: Bank charges that may be attached to your account
Bank Statement: The bank's record of all of the transactions in your account
Reconcile: To compare the bank statement with the account register to determine account balance
Transaction: Any time you spend money from your account or add money to your account; also, any time a bank fee is subtracted from your account or interest is added to your account

DIRECTIONS: Read the following information on balancing a bank account and reconciling that account with a bank statement, and then complete each activity. After you complete both activities, answer the questions.

Balancing Your Bank Account 2/5

BALANCING YOUR BANK ACCOUNT

It is important to keep track of your spending—whether you are using a debit card, making online purchases (with your debit card), or writing checks. At first, keeping track of all of your transactions may seem tedious, boring, and unnecessary. But once you get the hang of it, balancing your bank account is actually easy and gives you peace of mind knowing how much money is in your account. By keeping track, you can avoid things like overdraft fees. Remember, when you take responsibility for your money, you will be in control, and you will likely find that you have more money. Here are some helpful tips for balancing your account:

- If you are diligent with recording all of your transactions in your register every time you spend money or add money to your account, your register will have your most current account balance.
- The account balance shown on an ATM receipt, and often on your electronic account information, may not be completely accurate if every transaction has not yet been processed.
- Contact your bank if you think there is a mistake. It is not uncommon for mistakes to happen.
- Don't get discouraged. Balancing your account takes practice. The more you do it, the easier it becomes.

BALANCE YOUR REGISTER

WHAT TO DO:

In your account register—the simple tool to help you manage your bank account—you will see a bunch of blanks. Starting from the left, you will likely see the following columns:

Date: the date of the transaction
Type of Transaction: the type of transaction made, such as a deposit, debit, check, ATM withdrawal, or bank fee.

Description of transaction: where you made your purchase, what type of deposit you are making, or other information to help you know the details

Payment/Debit: the amount of a transaction or purchase

Deposit/Credit: the amount of a deposit or credit to your account

Balance: the running total of the various transactions

Balancing Your Bank Account 3/5

Every time you make any kind of transaction, write it down in your register. Transactions will include deposits into your account, ATM withdrawals, debit card purchases, online purchases, checks you write, and any bank fees.

Each time you make an entry into your register, either add (deposits) or subtract (purchases) from the balance above it. Keep track of the date as well as check number if applicable. You will also write the name of the place from which you purchased items.

BALANCE THE ACCOUNT

Using the information provided in this account register, balance the account by subtracting each debit from the balance above it and adding the deposits to the balance above it.

DATE	TYPE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT	DEPOSIT/CREDIT	BALANCE
4/1/15		OPENING BALANCE			$504.67
4/2/15	DEBIT	GROCERY STORE	$33.89		$470.78
4/2/15	DEBIT	GAS STATION	$25.00		$445.78
4/4/15	DEPOSIT	PAYCHECK		$846.39	$1,292.17
4/5/15	CK 1536	APARTMENT RENT	$750.00		$542.17
4/6/15	DEBIT	MOVIE THEATER	$18.50		$523.67
4/8/15	DEPOSIT	YARD MOWING INCOME		$40.00	$563.67
4/10/15	DEBIT	MEXICAN RESTAURANT	$18.50		$545.17
4/11/15	DEBIT	CELL PHONE BILL	$120.00		$425.17
4/11/15	DEBIT	GAS STATION	$26.50		$398.67
4/12/15	DEBIT	GAME STORE RENTAL	$8.50		$390.17
4/15/15	CK 1537	ELECTRIC BILL	$105.50		$284.67
4/20/15	DEPOSIT	PAYCHECK		$846.39	$1,131.06
4/21/15	DEBIT	GAS STATION	$27.50		$1,103.56
4/22/15	DEBIT	GROCERY STORE	$76.48		$1,027.08
4/25/15	CK 1538	WATER BILL	$27.53		$999.55
4/25/15	CK 1539	SUZY V (BIRTHDAY GIFT)	$25.00		$974.55
4/28/15	DEBIT	BOWLING	$12.79		$961.76
4/29/15	DEBIT	PIZZA	$21.25		$940.51
4/30/15	CK 1540	TV/INTERNET BILL	$82.50		$858.01
4/30/15	DEBIT	GAS STATION	$24.75		$833.26

Balancing Your Bank Account 4/5

RECONCILE THE ACCOUNT

Using the information provided in this bank statement, match each item from the statement to the account register. Then subtract any outstanding debits or deposits that are not listed on the statement from the ending balance. Check to see if this balance matches the register balance. Check for any missing items (such as bank fees) that may not have been recorded.

Statement of Account No. 023560
John Q. Public
1234 Main St.
Anytown, ST 98765

Statement Period: 4/1 – 4/30

BEGINNING BALANCE	TOTAL WITHDRAWALS	TOTAL DEPOSITS	ENDING BALANCE
$504.67	$1,381.19	$1,732.78	$856.26

DATE	TYPE	TRANSACTION	DEBIT/DEPOSIT	BALANCE
4/2/15	DEBIT	GROCERY STORE	$33.89–	$470.78
4/2/15	DEBIT	GAS STOP	$25.00–	$445.78
4/4/15	DEPOSIT	COMPANY PAYROLL	$846.39	$1,292.17
4/5/15	ATM	CASH	$40.00–	$1,252.17
4/6/15	DEBIT	MOVIE THEATER	$18.50–	$1,233.67
4/8/15	DEPOSIT	CASH DEPOSIT	$40.00	$1,273.67
4/10/15	DEBIT	MEXICAN RESTAURANT	$18.50–	$1,255.17
4/10/15	CK 1536	APARTMENT COMPLEX	$750.00–	$505.17
4/11/15	DEBIT	CELL PHONE COMPANY	$120.00–	$385.17
4/11/15	DEBIT	GAS STOP	$26.50–	$358.67
4/12/15	DEBIT	GAME PLAY	$8.50–	$350.17
4/18/15	CK 1537	ELECTRIC COMPANY	$105.50–	$244.67
4/20/15	DEPOSIT	COMPANY PAYROLL	$846.39	$1,091.06
4/22/15	DEBIT	GROCERY STORE	$76.48–	$1,014.58
4/22/15	DEBIT	GAS STOP	$27.50–	$987.08
4/23/15	ATM	CASH	$40.00–	$947.08
4/28/15	DEBIT	BOWLING ALLEY	$12.79–	$934.29
4/29/15	CK 1538	WATER COMPANY	$27.53–	$906.76
4/29/15	DEBIT	PIZZA PALACE	$21.25–	$885.51
4/30/15	DEBIT	GAS STOP	$24.75-	$860.76
4/30/15	FEE	BANK FEE	$4.50–	$856.26

Balancing Your Bank Account 5/5

	$856.26	Ending Balance on Bank Statement
+	$0	Total Deposits
-	$107.50	Total Withdrawals
	$748.76	Account Balance

QUESTIONS

After balancing the register and reconciling the account against the bank statement, answer the following questions:

1. Did the ending balance on the bank statement equal the ending balance in the account register? Why or why not?

   Answer: No. Because there were two check payments that had not cleared the bank. Also, there were two ATM cash withdrawals and a bank fee that were not written down in the register.

2. What items were left out of the account register? What might be the reason for that?

   Answer: Two ATM cash withdrawals—probably because the person needed some quick cash and then forgot to write it down later. The bank fee—may not have realized what the amount was going to be.

3. What items are not reflected on the bank statement? What might be the reason for that?

   Answer: Two checks (1539 and 1540) that have not cleared the bank yet (probably haven't been cashed/deposited yet). The check for the TV/Internet bill was written at the end of the month; the check for Suzy's birthday gift hasn't been cashed yet.

Student Name: ______________________ *Date:* __________

Chapter 1: Optional Activity

Balancing Your Bank Account 1/6

KEY TERMS

Account Register: A tool to keep track of bank account transactions
Bank Fees: Bank charges that may be attached to your account
Bank Statement: The bank's record of all of the transactions in your account
Reconcile: To compare the bank statement with the account register to determine account balance
Transaction: Any time you spend money from your account or add money to your account; also, any time a bank fee is subtracted from your account or interest is added to your account

DIRECTIONS: Read the following information on balancing a bank account and reconciling that account with a bank statement, then complete each activity. After you complete both activities, answer the questions.

BALANCING YOUR BANK ACCOUNT

It is important to keep track of your spending—whether you are using a debit card, making online purchases (with your debit card), or writing checks. At first, keeping track of all of your transactions may seem tedious, boring, and unnecessary. But once you get the hang of it, balancing your bank account is actually easy and gives you peace of mind knowing how much money is in your account. By keeping track, you can avoid things like overdraft fees. Remember, when you take responsibility for your money, you will be in control, and you will likely find that you have more money. Here are some helpful tips for balancing your account:

- If you are diligent with recording all of your transactions in your register every time you spend money or add money to your account, your register will have your most current account balance.
- The account balance shown on an ATM receipt, and often on your electronic account information, may not be completely accurate if every transaction has not yet been processed.
- Contact your bank if you think there is a mistake. It is not uncommon for mistakes to happen.
- Don't get discouraged. Balancing your account takes practice. The more you do it, the easier it becomes.

Balancing Your Bank Account 2/6

BALANCE YOUR REGISTER

WHAT TO DO:

In your account register—the simple tool to help you manage your bank account—you will see a bunch of blanks. Starting from the left, you will likely see the following columns:

Date: the date of the transaction
Type of Transaction: the type of transaction made, such as a deposit, debit, check, ATM withdrawal, or bank fee.

Description of transaction: where you made your purchase, what type of deposit you are making, or other information to help you know the details

Payment/Debit: the amount of a transaction or purchase

Deposit/Credit: the amount of a deposit or credit to your account

Balance: the running total of the various transactions

Every time you make any kind of transaction, write it down in your register. Transactions will include deposits into your account, ATM withdrawals, debit card purchases, online purchases, checks you write, and any bank fees.

Each time you make an entry into your register, either add (deposits) or subtract (purchases) from the balance above it. Keep track of the date as well as check number if applicable. You will also write the name of the place from which you purchased items.

Continued on Next Page

Balancing Your Bank Account 3/6

BALANCE THE ACCOUNT

Using the information provided in this account register, balance the account by subtracting each debit from the balance above it and adding the deposits to the balance above it.

DATE	TYPE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT	DEPOSIT/CREDIT	BALANCE
4/1/15		OPENING BALANCE			$504.67
4/2/15	DEBIT	GROCERY STORE	$33.89		
4/2/15	DEBIT	GAS STATION	$25.00		
4/4/15	DEPOSIT	PAYCHECK		$846.39	
4/5/15	CK 1536	APARTMENT RENT	$750.00		
4/6/15	DEBIT	MOVIE THEATER	$18.50		
4/8/15	DEPOSIT	YARD MOWING INCOME		$40.00	
4/10/15	DEBIT	MEXICAN RESTAURANT	$18.50		
4/11/15	DEBIT	CELL PHONE BILL	$120.00		
4/11/15	DEBIT	GAS STATION	$26.50		
4/12/15	DEBIT	GAME STORE RENTAL	$8.50		
4/15/15	CK 1537	ELECTRIC BILL	$105.50		
4/20/15	DEPOSIT	PAYCHECK		$846.39	
4/21/15	DEBIT	GAS STATION	$27.50		
4/22/15	DEBIT	GROCERY STORE	$76.48		
4/25/15	CK 1538	WATER BILL	$27.53		
4/25/15	CK 1539	SUZY V (BIRTHDAY GIFT)	$25.00		
4/28/15	DEBIT	BOWLING	$12.79		
4/29/15	DEBIT	PIZZA	$21.25		
4/30/15	CK 1540	TV/INTERNET BILL	$82.50		
4/30/15	DEBIT	GAS STATION	$24.75		

Chapter 1: Optional Activity

Balancing Your Bank Account 4/6

RECONCILE THE ACCOUNT

Using the information provided in this bank statement, match each item from the statement to the account register. Then subtract any outstanding debits or deposits that are not listed on the statement from the ending balance. Check to see if this balance matches the register balance. Check for any missing items (such as bank fees) that may not have been recorded.

Statement of Account No. 023560
John Q. Public
1234 Main St.
Anytown, ST 98765

Statement Period: 4/1 – 4/30

BEGINNING BALANCE	TOTAL WITHDRAWALS	TOTAL DEPOSITS	ENDING BALANCE
$504.67	$1,381.19	$1,732.78	$856.26

DATE	TYPE	TRANSACTION	DEBIT/DEPOSIT	BALANCE
4/2/15	DEBIT	GROCERY STORE	$33.89–	$470.78
4/2/15	DEBIT	GAS STOP	$25.00–	$445.78
4/4/15	DEPOSIT	COMPANY PAYROLL	$846.39	$1,292.17
4/5/15	ATM	CASH	$40.00–	$1,252.17
4/6/15	DEBIT	MOVIE THEATER	$18.50–	$1,233.67
4/8/15	DEPOSIT	CASH DEPOSIT	$40.00	$1,273.67
4/10/15	DEBIT	MEXICAN RESTAURANT	$18.50–	$1,255.17
4/10/15	CK 1536	APARTMENT COMPLEX	$750.00–	$505.17
4/11/15	DEBIT	CELL PHONE COMPANY	$120.00–	$385.17
4/11/15	DEBIT	GAS STOP	$26.50–	$358.67
4/12/15	DEBIT	GAME PLAY	$8.50–	$350.17
4/18/15	CK 1537	ELECTRIC COMPANY	$105.50–	$244.67
4/20/15	DEPOSIT	COMPANY PAYROLL	$846.39	$1,091.06
4/22/15	DEBIT	GROCERY STORE	$76.48–	$1,014.58
4/22/15	DEBIT	GAS STOP	$27.50–	$987.08
4/23/15	ATM	CASH	$40.00–	$947.08
4/28/15	DEBIT	BOWLING ALLEY	$12.79–	$934.29
4/29/15	CK 1538	WATER COMPANY	$27.53–	$906.76
4/29/15	DEBIT	PIZZA PALACE	$21.25–	$885.51
4/30/15	DEBIT	GAS STOP	$24.75-	$860.76
4/30/15	FEE	BANK FEE	$4.50–	$856.26

Balancing Your Bank Account 5/6

	________	Ending Balance on Bank Statement
+	________	Total Deposits
-	________	Total Withdrawals
	________	Account Balance

QUESTIONS

After balancing the register and reconciling the account against the bank statement, answer the following questions:

1. Did the ending balance on the bank statement equal the ending balance in the account register? Why or why not?

____

____

____

2. What items were left out of the account register? What might be the reason for that?

____

____

____

Balancing Your Bank Account 6/6

3. What items are not reflected on the bank statement? What might be the reason for that?