

How to Balance Your Checkbook

4 Reasons You Should Balance Your Checkbook Monthly

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Be honest. Do you faithfully balance your checkbook to the penny each month? Balancing your checkbook is one of the most basic habits for good money management, yet millions of Americans don't do it on a regular basis.

There are different reasons your checkbook may be unbalanced. For instance, some people may choose not to record the pennies on the checks they write. Then there are people who enter bogus amounts in their check register to "fool" themselves into thinking they have less money than they really do so they can be pleasantly surprised later, or to provide a cushion for error. And there are also people who only balance their checkbook once a year when they do their taxes.

Whatever the reason, there's a strong case to be made for keeping an eye on what's coming in and going out of your checking account. Knowing how to balance your checkbook -- even if you don't write a lot of checks, or any at all -- is an important skill to master.

Benefits of Balancing Your Checkbook Regularly

You might consider balancing your checkbook to be an old-fashioned chore. After all, thanks to online and mobile banking and budgeting apps that track your spending for you, who needs to write down by hand what they spend or deposit into checking each month?

It's true that fintech can make managing your money easier but there are still very good reasons to make balancing your checkbook part of your financial routine.

Balancing your checkbook is a method of verifying that your records (your checkbook register) match the bank's records, as shown on your monthly bank statement. This can be important for defending against financial fraud. For example, identity thieves may try to pass through a small transaction of just a few cents or dollars on your checking account to see whether it triggers a response. If it goes unnoticed, they may try to dip into your account for a larger amount.

Verifying your records can help avoid those kinds of scenarios.

Although your bank processes thousands of transactions accurately, it can make mistakes, and you typically have only 60 days to inform the bank of the error.¹ If you don't balance your checkbook monthly, you might not even find the error in 60 days. Even more likely is the possibility that you made a math error in your checkbook register, which you're unlikely to find unless you balance your checkbook each month.

If you make a mistake or forget to post an ATM withdrawal, debit card purchase, or other transaction in your checkbook register, you may start bouncing checks and incur [overdraft](#), nonsufficient funds, or other fees. If you don't correct the problem quickly, you can often incur a number of returned check fees or more than one fee for the same check if the person the check was written to re-deposits it right away in the hopes that your balance will now cover the sum.

Those fees can easily eat into your balance, potentially putting you in the red -- and in debt to the bank.

If there is a problem at some point, it's much more difficult to wade through months of transactions to figure it out. If you've balanced your checkbook every month, the most you'll ever have to do is look at the most recent month's transactions. Sometimes people make such a mess of their checkbook by not regularly balancing that they have to close out their account and open another one.

How to Balance Your Checkbook

Unfortunately, the basic money management task of balancing our checkbooks is not taught in most schools and usually not taught by our parents. If you're just starting out on your own, or you have your first bank account, or you just never got in the habit of balancing your checkbook regularly, here are some easy to follow instructions for how to do it.

Figure out your current balance in checking, which your bank may list as your available or ending balance. You should be able to find this amount by checking using your online or mobile banking app. Log this amount at the top of your checkbook register in the space indicated.

Record any pending transactions in your checkbook register, including both debits and credits, as well as checks you've written that have not cleared yet. Include the date of the transaction, a description of the transaction, and the amount. If listing checks, also write down the check number. Some people like to use [duplicate copy checks](#) so they always have a record of who they issued a check to and for what amount.

Starting with the first transaction you enter, subtract the amount from your available balance—in the case of a deposit, add it to the balance. Then record the new amount on the next line of your register. Continue doing so until all transactions are recorded.

Compare the total amounts of withdrawals and deposits on your register to the information available from your online or mobile banking app. If the ending balance there matches what you have in your checkbook, once all deposits and withdrawals have been factored in, then your checkbook is balanced.

If your checkbook doesn't add up properly, you may need to backtrack farther. Start with your most recent statement and use that as a guide for reconciling transactions. Commit to balancing your checkbook on a weekly basis, which may be easier than trying to do it once a month or less often. Recording transactions daily, then balancing at the end of the week, can help keep the system as simple and error-free as possible.

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