

4-1

Computing Your Total Checking Account Deposit

A **deposit** is a sum of money you put into your bank account. When you visit the bank, you use a deposit slip to record the exact amounts of currency, coins, and checks you deposit. To make an electronic deposit, you use an **automated teller machine (ATM)**, which requires you to have an ATM card and a **personal identification number (PIN)**.

Total Deposit = (Currency + Coins + Checks) – Cash Received

Example

Find the total deposit.

Lani Decker is making a daily deposit into her boss' bank account. She has checks in the amounts of \$524.89, \$326.96, and \$287.39. Her cash consists of 8 twenty-dollar bills, 10 ten-dollar bills, 9 five-dollar bills, and 18 one-dollar bills. She has coins in the following denominations: 6 quarters, 18 dimes, 7 nickels, and 4 pennies. What is her total deposit?

- $(8 \times \$20) + (10 \times \$10) + (9 \times \$5) + (18 \times \$1)$
 $\$160 + \$100 + \$45 + \$18 = \$323.00$ currency
- $(6 \times \$0.25) + (18 \times \$0.10) + (7 \times \$0.05) + (4 \times \$0.01)$
 $\$1.50 + \$1.80 + \$0.35 + \$0.04 = \$3.69$ coins
- $\$524.89 + \$326.96 + \$287.39 = \$1,139.24$ checks
- $\$323.00 + \$3.69 + \$1,139.24 - \$0.00 = \mathbf{\$1,465.93}$ total deposit

Practice

Find the total deposit.

- $(\$47.00 + \$1.25 + \$152.00) - \25.00
- $(\$1,287.00 + \$2.93 + \$624.78) - \65.00
- Checks: \$100.00; \$145.00; \$98.00.
Cash: 6 twenties; 7 tens; 11 fives; 19 ones; 3 quarters; 13 dimes; 5 nickels; 8 pennies.
- Checks: \$374.85 and \$219.47.
Cash: 9 twenties; 4 tens; 7 fives; 2 ones; 8 quarters; 23 dimes; 11 nickels; 3 pennies.
Cash Received: \$50.00.
- J.R. Miner stopped at the ATM. He deposited his paycheck for \$467.72 and his wife's \$289.44 paycheck. He asks for \$120.00 cash back and deposits the rest. What is his total deposit?
- Mark Vance stopped at the bank. He deposited his paycheck for \$647.79 and a rebate check for \$14.50. If he receives \$85.00 cash and deposits the rest, what is his total deposit?
- Standardized Test Practice** Lori Singer's loose change amounts to the following: 21 quarters; 68 dimes; 63 nickels; and 174 pennies. She deposits it all into her college savings fund, along with a \$50.00 birthday check from her grandmother. If she asks for \$20.00 back in cash, what is her total deposit?
A. \$66.94 B. \$36.94 C. \$56.94 D. \$46.94

4-2 Writing Checks

When you write a check, you should express all dollar amounts in *word form*. The decimal or cent part of the check should be written as a fraction. You must keep careful track of the checks you write so you do not overdraw your account.

Examples

Write in word form or as a numeral.

Example 1. Write the following in word form: \$277.89.
Two hundred seventy-seven and 89/100 dollars

Example 2. Lois Reed spent \$82.49 at Megamart. How should she write the check?

Lois Reed	168
Pay to the order of <i>Megamart</i>	\$ <i>82.49</i>
<i>Eighty-two and 49/100 dollars</i>	Dollars
First City Bank	
Memo <i>Household Supplies</i>	<i>Lois Reed</i>
5311' '87652 168	

Practice

Write the following in word form.

1. \$147.55
2. \$1,295.72

Write the following as a numeral.

3. four hundred sixty-one and 28/100 dollars
4. two thousand thirty-nine and 45/100 dollars

Simon LeBarre bought baseball equipment in the amount of \$57.88 at Wents' Sporting Goods. He does not have enough cash with him, so he writes a check. Based on this information, answer the following questions:

5. To whom is the check payable?
6. How would he write the amount of the check in word form?
7. What should he put in the memo portion of the check?
8. **Standardized Test Practice** Phillip Connors purchased the following items at a convenience store: a gallon of milk for \$3.15; a candy bar for \$0.75; a magazine for \$2.95; and 20 gallons of gas at \$1.39 per gallon. He pays for it with a check. What is the amount of the check in word form?
A. \$8.24 B. \$34.65 C. eight and 24/100 dollars D. thirty-four and 65/100 dollars

4-3

Computing the Balance in Your Check Register

You use a **check register** to keep a record of your deposits, your transfers, and the checks you have written. The **balance** is the amount of money in your account. When you make a deposit, add the amount of the deposit to the balance. When you write a check or electronically transfer funds, subtract the amount from the balance.

$$\text{New Balance} = \text{Previous Balance} - \text{Check Amount} - \text{Automatic Transfers} + \text{Deposit Amount}$$

Example

Find the new balance.

The previous balance in your check register is \$592.73. You write two checks for \$149.76 and \$177.91. The bank makes an automatic transfer to American Water Company in the amount of \$22.18 to pay your water bill. You deposit two paychecks in the amount of \$324.50 each. What is your new balance?

1. Check Amount = $\$149.76 + \$177.91 = \$327.67$
2. Deposit Amount = $2 \times \$324.50 = \649
3. Transfer Amount = $\$22.18$
4. $\$592.73 - \$327.67 - \$22.18 + \$649 = \mathbf{\$891.88}$ new balance

Practice

Find the new balance.

- | | | | |
|---------------------|----------|--------------------|----------|
| 1. Previous Balance | \$625.39 | Check Amount | \$392.67 |
| Deposit | \$464.78 | Automatic Transfer | \$139.04 |
2. Your previous balance is \$569.57. Find the new balance if you write three checks in the amounts of \$72.79, \$218.60, and \$124.23.
 3. Your previous balance is \$126.64. Find the new balance if you deposit two checks in the amounts of \$94.79 and \$147.76.
 4. The previous balance is \$336.36. Find the new balance if the bank makes automated transfers of \$59.33, \$47.72, and \$129.48 from the account.
 5. Wanda Little had a previous bank balance of \$58.92. If her check register shows the following activity, what is her new balance?
 Automatic Transfers: \$159.47, \$32.88, and \$71.41
 Deposits: \$472.16 and \$472.16
 Check Amounts: \$495.50, \$86.66, \$118.24, and \$26.72
 6. **Standardized Test Practice** Your bank balance on September 1 is \$217.47. Throughout the month, the following transactions take place: you deposit your paycheck in the amount of \$1,890.78; you write checks in the amounts of \$575 for your rent and \$329 for your car payment; the bank makes automated transfers of \$112.54 for debit card use and \$52.89 to pay your telephone bill. What is your balance at the end of September?
 A. \$3,177.68 B. \$1,038.82 C. \$603.88 D. you are overdrawn

4-4

Calculating Your Present Balance

Each month, your bank will send you a checking account statement. Your statement contains all the checks you have written that the bank has paid, any automatic or electronic transfers from your account, any debit card transactions, and all deposits you have made since your last statement. It will also include any service charges and interest credits, if your account is interest-bearing. Some banks also include your cancelled checks with your statement. These are the checks the bank has paid by deducting the money from your account.

$$\text{Present Balance} = \text{Previous Balance} + \text{Deposits} - \text{Withdrawals} - \text{Service Charges/Fees} + \text{Interest}$$

Example

Find the present balance.

Luisa Scofield has a previous balance of \$217.45. During the month, she makes deposits of \$18.80 and \$320, and writes checks in the amounts of \$214.42 and \$103.00. In addition, the bank charges her a \$2.00 ATM fee, and she earns interest in the amount of \$0.52. What is her present balance?

1. $\$217.45 + (\$18.80 + \$320) - (\$214.42 + \$103) - \$2.00 + \$0.52$
2. $\$217.45 + \$338.80 - \$317.42 - \$2.00 + \$0.52 = \mathbf{\$237.35 \text{ present balance}}$

Practice

Find the present balance.

	Previous Balance	Deposits	Withdrawals	Service Charges/Fees	Interest	Present Balance
1.	\$ 325.00	\$ 315.00	\$ 485.00	\$ 2.00	\$ 0.25	
2.	198.67	617.59	521.46	3.75	0.28	
3.	159.00	135.00 215.00	185.00 98.00	3.20	0.00	
4.	467.54	425.14 425.14 76.49	390.00 229.95 182.76	3.40	0.67	
5.	1,295.40	2,475.50 218.65	1,550.00 319.75	2.00 3.15	1.05	

6. Franco Pisano's previous balance was \$576.26. Last month he wrote checks for \$765.18 and \$234.73. Both were paid by the bank. He deposited 2 paychecks each in the amount of \$1,089.98 and made cash withdrawals totaling \$1,000.00. In addition, the bank charged services fees totaling \$5.25 and paid him \$2.17 interest. What is his present balance?
7. **Standardized Test Practice** Carol Singer had a previous balance of \$557.83 in her checking account. She deposited checks totaling \$882.84, made cash withdrawals of \$325.00, and wrote checks totaling \$617.77 that were paid by the bank. She also earned interest of \$1.15. What is her present balance?
A. \$2,384.59 B. \$499.05 C. \$496.75 D. \$1,149.05

4-5

Reconciling Your Bank Statement

To **reconcile** your bank statement, compare it to your check register to make sure the two agree. When you do this, you may find some outstanding deposits or checks. These are deposits or checks that appear on your register but didn't reach the bank in time to list them on your statement.

$$\text{Adjusted Balance} = \text{Statement Balance} - \text{Outstanding Checks / Payments or Debits} + \text{Outstanding Deposits}$$

Example

Reconcile the bank statement.

Alberta Alfonso's bank statement shows a balance of \$346.59. She compares the statement with her check register and notes the following outstanding items:

Check #224: \$318.24	Check #237: \$132.79	Deposit: \$621.47
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The bank has also paid her \$0.85 in interest. What is her adjusted balance? What entry must she make to her check register to reconcile it with her bank statement?

- $\$346.59 - (\$318.24 + \$132.79) + \621.47
 $\$346.59 - \$451.03 + \$621.47 = \mathbf{\$517.03 \text{ adjusted balance}}$
- She must add \$0.85 to her check register for interest.**

Practice

Complete the reconciliation statement.

Your bank statement shows a balance of \$958.46 and your check register shows a balance of \$997.64. You have two outstanding checks: #187 for \$317.48 and #192 for \$172.26. You also have an outstanding deposit of \$523.64. In addition, the bank paid you \$1.22 interest but charged you service fees of \$6.50.

Check Register Balance	\$997.64	Statement Balance		\$958.46
Service Charges/Fees	1.	Outstanding Checks/ Payments/Debits		
		Check #187	\$317.48	
Interest	2.	Check #192	172.26	
		(Total Outstanding Checks/ Payments/Debits)		3.
		Outstanding Deposits/Credits	523.64	
		Deposit		4.
New Balance	5.	Adjusted Balance		6.

- Standardized Test Practice** Dale Bonner has a statement balance of \$739.25. According to his check register, he has the following outstanding items: a deposit for \$288.57, check #212 for \$149.03, check #218 for \$123.36, and check #220 for \$88.92. What is his adjusted balance?
A. \$1,389.13 B. \$89.37 C. \$811.99 D. \$666.51

4-6

Computing Online Banking Charges

Online banking allows you to access your bank account from anywhere, round-the-clock, even on weekends. All you need is a connection to the Internet. You may be charged a fee for any online transactions you make.

$$\text{Total Fees} = \text{Basic Fee} + \text{Bill Payments} + \text{Statement} + \text{ATM Surcharges} + \text{Cash Advance Fee}$$

Example

Find the total fees.

Anisha Wallenbach uses her bank’s online banking service. She pays the basic charge, pays 7 bills, and wires money to her aunt in Venezuela. She also has ATM charges that include 1 national network, 1 local network, and a cash advance of \$250. Using the chart below, calculate her total charges for the month.

Service	Fee	ATM Transaction Charges	Fee
Basic Monthly Charge	\$ 6.95	Local Network	\$0.00
Bill Payment (first 5 no charge)	0.50	Regional Network Surcharge	1.00
Printed Statement	4.00	National Network Surcharge	2.00
Replace Lost Card	5.00	Out-of-Network Surcharge	3.00
Overdraft	25.00	Cash Advance – 2% of Amount, \$10.00 Max.	
International Wire Transfer	20.00		

- $\$6.95 + (\$0.50 \times (7 - 5)) + \$20.00 + (\$2.00 + \$0.00) + (\$250 \times 2\%)$
- $\$6.95 + (\$0.50 \times 2) + \$20.00 + \$2.00 + (\$250 \times 0.02)$
- $\$6.95 + \$1.00 + \$20.00 + \$2.00 + \$5.00 = \mathbf{\$34.95 \text{ total fees}}$

Practice

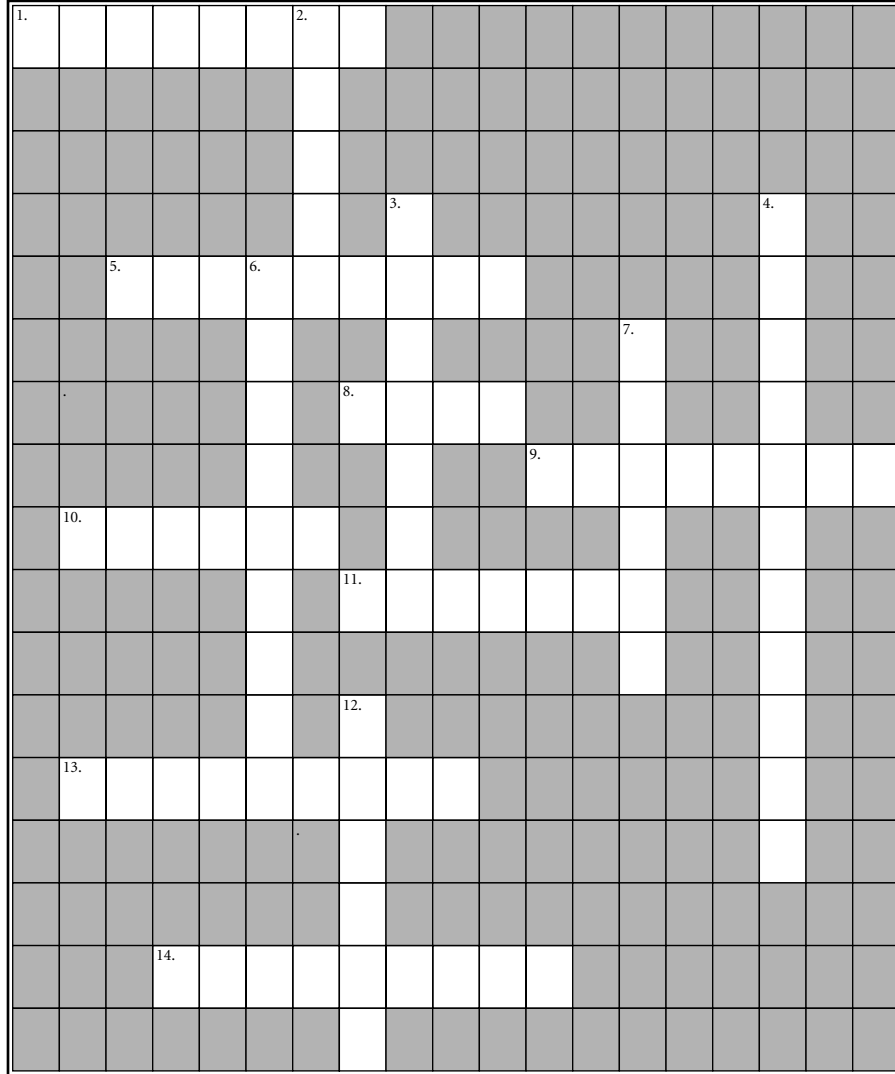
Use the online bank account statement on page 175 to answer the questions.

On August 12, Anisha Wallenbach had a beginning balance of \$624.33.

- What were Wallenbach’s total online banking fees for August 12?
- Given that she was charged a bill payment fee of \$0.50, what can we deduce?
- If the ATM cash advance fee had no maximum charge, how much would her cash advance fee be?
- What is Wallenbach’s new balance after all of the August 12 transactions?
- If an automatic withdrawal for \$600 is the only transaction posted tomorrow, what will happen to Wallenbach’s account?
- Standardized Test Practice** Dale Bonner uses an online bank account. In May he pays the basic charge, and has 2 regional network transactions and 1 out of network ATM transaction. He also makes a cash withdrawal of \$600.00. What are his total fees for the month?
 A. \$15.00 B. \$21.95 C. \$17.00 D. \$23.95

4 Chapter Review

Crossword



Across

1. PIN = ___ identification number
5. If you write too many checks and end up with a negative bank balance, you have ___ your account.
8. Total Deposit = Currency + Coins + Checks - ___ Received
9. A check ___ is a record of all your deposits, your electronic transfers, and the checks you have written.
10. 24/7 banking is also known as ___ banking.
11. A sum of money you put into your bank account.
13. Each month, your bank will send you a checking account ___, which contains all the checks you have written that have been paid by the bank, all of your deposits you have made throughout the month, and any electronic transfers from your account.
14. ___ checks are checks that have been paid by your bank and deducted from your account.

Down

2. Deposits are ___ to your account.
3. The amount of money left in your account after all transactions have taken place.
4. Checks that you have written but have not yet been paid by your bank are called ___ checks.
6. When you ___ your bank statement, you compare it to your check register to make sure the two agree.
7. \$80 written in word form is ___ dollars.
12. ATM = automated ___ machine