



How To Balance Your Checkbook: Step-by-step Instructions

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Do you balance your checkbook each month? Here are four reasons why you should:

1. Balancing your checkbook verifies that your records match the bank's records.
2. Banks CAN make mistakes, but even more likely is that you'll make a math error in your checkbook register.
3. If you make a mistake or forget to post a transaction in your register, you may start bouncing checks and incurring fees of \$25 or more.
4. If there's a problem, you won't need to wade through months of transactions to figure it out.

Here's How:

1. Reconcile Your Checks

Determine if there are checks that haven't cleared the bank. Sort your cancelled checks in check number order, or use the listing of your cleared checks in numerical order shown on your statement. In your checkbook register, check off each cancelled check returned to you or each check that appears on the check listing, making sure the amount you recorded is the amount the bank shows.

2. Reconcile Your Deposits

Make sure each deposit shown on your bank statement is recorded in your check register (especially if you have direct deposit, which you can easily forget to record). Also, go through your deposit slips, paycheck stubs, etc., and make sure the bank statement shows all the deposits you made. Check off the deposits in your check register as you did for checks.

3. Reconcile Your ATM Withdrawals and Debit Card Purchases

Go through the same process with your ATM withdrawals or debit card purchases, checking off each transaction on the bank statement in your check register. If the bank shows transactions that aren't included in your check register, record them now.

4. Record Interest Earned and Bank Fees

Check your bank statement for any other fees and record them in your checkbook register. Also record any interest earned in your checkbook register.

5. List Outstanding Checks

Now go through your checkbook register and in column two of the [balancing form](#) list your outstanding checks (the checks that you did not check off in your check register as having cleared the bank), as well as any outstanding debit purchases or ATM withdrawals that have not yet cleared the bank. Total the column of outstanding checks, debits, and ATM withdrawals.

6. **List Outstanding Deposits**

Go through your checkbook register and in column one of the balancing form list the outstanding deposits (the deposits that you did not check off in your check register as having cleared the bank). Total the column of outstanding deposits.

7. **Record Your Bank's Ending Balance**

On line one of the bottom section of the Checkbook Balancing Form, enter the ending balance shown on your bank statement.

8. **Enter Outstanding Deposits**

On line two of the bottom section of the Checkbook Balancing Form, enter the total outstanding deposits from column one.

9. **Enter Outstanding Checks**

On line three of the bottom section of the Checkbook Balancing Form, enter the total outstanding checks from column two.

10. **Calculate Your Balance**

Use a calculator to total lines one through three, as indicated by the plus and minus signs on the form, and enter the new total on line four. This should equal the balance shown in your checkbook register. If it doesn't, check for math errors in your checkbook register, such as reversed numbers (e.g., \$53 instead of \$35), subtracting a deposit instead of adding it, adding a check written instead of subtracting it, automatic payments that you forgot to record, etc.

Tips:

1. If you're not convinced that balancing your checkbook monthly is an important task, read more in depth about why it's important: [Balancing Your Checkbook: Four Reasons You Should Do It](#).
2. For the easiest method of balancing your checkbook, use the [Printable Checkbook Balancing Form](#).
3. Don't fall for the common mistakes of never recording the pennies on the checks you write; entering bogus amounts in your check register to "fool" yourself into thinking you have less money than you really do so you can be pleasantly surprised later, or to provide a cushion for errors; or only balancing your checkbook once a year when you do your taxes.
4. Sometimes, if you really find your checkbook in a mess, you can't reconcile it even with your best efforts, and you're incurring fees because of errors, the best thing to do is to open a new account and start over, closing the old account after all checks have cleared.

5. If you don't reconcile, see if the amount you're off divides evenly by nine. If it does, it may be a transposed number. It's easy to transpose numbers in your register (you wrote \$53.94 instead of \$53.49, for example).

What You Need:

- Your most recent bank statement and/or cancelled checks
- A checkbook balancing form (see the link in this article)
- Your checkbook register
- A calculator and pencil