**Balancing Your Checkbook**

Often, the amount of money the bank says you have in your checking account isn’t equal to the amount of money your checkbook says you have in your checking account. This shouldn’t necessarily be a concern.

You need to determine why there is a difference and account for that difference. Usually, the bank statement (usually online) says that you have more money than your checkbook has. This is because the check you wrote this morning has not yet gotten to your bank and so your bank still says you have the money in your account – and you do – but not for long.

To balance your checkbook, follow these steps:

1. Write down on a piece of paper, how much money the bank statement says you have in your account
2. Look carefully at your checkbook and note how much it says you have in your account
3. Look in your checkbook for any checks you have written which have not yet shown up on your bank statement
4. Subtract the amounts of the checks in #3 above from the number on your piece of paper
5. Look in your checkbook for any other credits or debits that are not listed on your bank statement and add/subtract them from the number on your piece of paper
6. Look on your bank statement for any items that are not recorded in your checkbook. Likely items are:
	1. Fees
	2. Interest
7. Enter all fees into your checkbook and subtract them from the checkbook balance
8. Enter any interest into your checkbook and add it to your checkbook balance
9. Any other items that are on your statement but not in your checkbook should be recorded in your checkbook
10. At this point, the balance in your checkbook should equal the balance you have written down on your piece of paper in #5 above
11. If it doesn’t, go check the addition and subtraction in your checkbook and look for errors
12. Look to see if you entered any deposits as withdraws or vice-versa in your checkbook
13. Check to see if the amount you entered in your checkbook for each check is the amount the bank withdrew from your account
14. Check to see if the amount you entered in your checkbook for each deposit is the amount the bank added to your account
15. Check all ATM and debit card entries on your bank statement and make sure you recorded each of them in your checkbook
16. If he discrepancy is small – assume it was your error and add/subtract that amount in your checkbook and move on with your life
17. If the discrepancy is large or you have OCD, go back 2 weeks in your checkbook and repeat steps 1-10 as of that point in time to see if it balances then. If it does, the error is somewhere in the past two weeks. Continue this iterative process until you find the error or get tired of looking and revert to step 16 above.