

## PRACTICE SET INSTRUCTIONS

Have you ever heard someone say “My checkbook won’t balance!”? This is a frustrating and time-consuming experience. You won’t have any trouble balancing your own account if you know how to maintain it from month to month. Now that you have a better understanding of the more important aspects of a checking account, you will have the opportunity to maintain your own account. This practice set will give you practical experience in writing checks, keeping checkbook records and reconciling monthly statements. It is the first step in developing the skills that you should have when you open your own account.

To complete the project, follow the steps outlined below:

1. Locate the set of transactions for January on page P2. Record each transaction in the Check Register located at the top of page P3. For each transaction requiring that a check be written, use the checks on pages P4–P5. (Pay attention to the check number written on the upper right corner of the check.) For deposits, the deposit slip appears with the transaction along with a representation of the check which you will endorse. Your account number is 3141592654.
2. After you have completed the transactions for January, reconcile your account. The account statement is on the bottom half of page P3. The statement shows the checks and deposits which the bank received in January plus any other items processed during January. From this information you can determine which items are still outstanding plus additional items which must be entered in your check register.
3. After you have completed the reconciliation of your account and corrected any errors, you may go on to the transactions for February on page P6.

### HELPFUL HINTS

- *Remember to fill out the check register before you write the check.*
- *Use a pen when you write the checks. A pencil may be used for making entries in the check register.*
- *You are required to write checks and deposit slips for the months of January through April. For the remaining months you only need to record the transactions in your check register unless directed to do differently by your teacher.*
- *Do not begin a new month of transactions until you have reconciled your account for the previous month.*

# MONTHLY TRANSACTIONS

## TRANSACTIONS FOR JANUARY

- 3 Jan Open your checking account by depositing your paycheck of \$667.20 plus \$50 in cash. Fill out the deposit slip below and endorse the check using an endorsement in full.

**CHECKING ACCOUNT DEPOSIT TICKET**  
 DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

DATE \_\_\_\_\_ 20\_\_\_\_

Sign on line above only if cash is received.

⑆ 123456789⑆ 3141592654⑆

	Dollars	Cents
Cash		
Checks		
Total Deposit		
Less Cash Received		
Net Deposit		

238  
1-5  
210

JANUARY 3 20\_\_\_\_

PAY TO THE ORDER OF YOUR NAME \$ 667.20

SIX HUNDRED SIXTY-SEVEN AND 20/100 DOLLARS

FOR PAYROLL Kate Andrews

⑆ 123456789⑆ 3141592654⑆

*Endorse the check using an endorsement in full (payable to your bank).*

ENDORSE HERE

DO NOT WRITE BELOW THIS LINE

- 8 Jan Write Check 101 for \$35.24 to National Electric Company for their bill dated January 3.
- 9 Jan Write Check 102 for \$24.00 to Reader's Service, Inc. for a 12-month subscription to Up-Date Magazine.
- 10 Jan Receive your Debit Card in the mail. Activate it and memorize the PIN; record the PIN in a secure location.
- 15 Jan Use your Debit Card to pay \$40.00 to Ticket Forum for concert tickets.
- 15 Jan Write Check 103 for \$41.80 to Verizon for their bill dated January 12.
- 19 Jan Use your Debit Card to pay \$120.24 to Hilltop Garage for service to your car.
- 22 Jan Use your Debit Card to pay \$33.93 to Seasons Unlimited for clothing.
- 28 Jan Write Check 104 for \$314.12 to KMT Insurance for a quarterly car insurance premium.

- 31 Jan Deposit your paycheck but keep \$60 in cash for personal spending. Fill out the deposit slip below and endorse the paycheck using a blank endorsement.

**CHECKING ACCOUNT DEPOSIT TICKET**  
 DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

DATE \_\_\_\_\_ 20\_\_\_\_

Sign on line above only if cash is received.

⑆ 123456789⑆ 3141592654⑆

	Dollars	Cents
Cash		
Checks		
Total Deposit		
Less Cash Received		
Net Deposit		

412  
1-5  
210

JANUARY 28 20\_\_\_\_

PAY TO THE ORDER OF YOUR NAME \$ 752.37

SEVEN HUNDRED FIFTY-TWO AND 37/100 DOLLARS

FOR PAYROLL Kate Andrews

⑆ 123456789⑆ 3141592654⑆

*Endorse the check using a blank endorsement.*

ENDORSE HERE

DO NOT WRITE BELOW THIS LINE

*The teller will give you \$60 cash.*

- 31 Jan Write Check 105 for \$450 to Colonial Apartments, Inc. for February rent.
- 31 Jan Reconcile your account statement for the month of January. (TIP: YOUR CHECKBOOK BALANCE SHOULD BE \$350.24 PRIOR TO DEDUCTING THE \$5.00 SERVICE CHARGE.)



**YOUR NAME** 41-5678/1234 **101**  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

**BANK NAME**

For \_\_\_\_\_

⑆ 123456789⑆ 3141592654⑆ 101

**YOUR NAME** 41-5678/1234 **107**  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

**BANK NAME**

For \_\_\_\_\_

⑆ 123456 89⑆ 3141592654⑆ 107

**YOUR NAME** 41-5678/1234 **102**  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

**BANK NAME**

For \_\_\_\_\_

⑆ 123456789⑆ 3141592654⑆ 102

**YOUR NAME** 41-5678/1234 **108**  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

**BANK NAME**

For \_\_\_\_\_

⑆ 123456789⑆ 3141592654⑆ 108

**YOUR NAME** 41-5678/1234 **103**  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

**BANK NAME**

For \_\_\_\_\_

⑆ 123456789⑆ 3141592654⑆ 103

**YOUR NAME** 41-5678/1234 **109**  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

**BANK NAME**

For \_\_\_\_\_

⑆ 123456789⑆ 3141592654⑆ 109

YOUR NAME 41-5678/1234 104  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

BANK NAME

For \_\_\_\_\_

⑆ 123 56789⑆ 314 1592654⑆ 104

YOUR NAME 41-5678/1234 110  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

BANK NAME

For \_\_\_\_\_

⑆ 123456789⑆ 314 1592654⑆ 110

YOUR NAME 41-5678/1234 105  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

BANK NAME

For \_\_\_\_\_

⑆ 123456789⑆ 314 1592654⑆ 105

YOUR NAME 41-5678/1234 111  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

BANK NAME

For \_\_\_\_\_

⑆ 123456789⑆ 314 1592654⑆ 111

YOUR NAME 41-5678/1234 106  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

BANK NAME

For \_\_\_\_\_

⑆ 123456789⑆ 314 1592654⑆ 106

YOUR NAME 41-5678/1234 112  
YOUR ADDRESS

Pay to the \_\_\_\_\_ Date \_\_\_\_\_  
Order of \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ Dollars

BANK NAME

For \_\_\_\_\_

⑆ 123456789⑆ 314 1592654⑆ 112

# MONTHLY TRANSACTIONS

## TRANSACTIONS FOR FEBRUARY

- 1 Feb Set up your on-line banking account. This will include setting up a password. Do NOT use your birthday or your pet's name. Use both upper-case and lower-case letters and at least 1 number. Some banks may also require a special character such as % or &.
- 3 Feb Make an on-line payment of \$108.00 to Internet Connections for six months of internet service. (You will have to provide their address and your account number when you set up the payment but after that you can simply select them from your list of accounts. Be sure to enter this in the check register!)
- 5 Feb Use your Debit Card to pay \$91.40 to Best Produce for groceries.
- 8 Feb Make an on-line payment of \$32.81 to National Electric Company for their bill dated February 3.
- 10 Feb Write Check 106 for \$67.14 to Internal Revenue Service for the balance due on your federal income tax.

- 11 Feb Deposit your paycheck for \$679.52 and a check for \$80 from your part-time sales job. Endorse the smaller check with a restrictive endorsement (the check will be deposited); endorse the larger check with an endorsement of your choosing, and complete the deposit slip.

FEBRUARY 11 20__	238 1-5 210
PAY TO THE ORDER OF YOUR NAME \$ 679.52	
SIX HUNDRED SEVENTY-NINE AND 52/100 DOLLARS	
FOR PAYROLL <i>Kate Andrews</i>	
⑆ 1234 56789⑆ 314 1592654⑆	

*Endorse the check using an endorsement of your choosing.*

ENDORSE HERE

  
  
  

DO NOT WRITE BELOW THIS LINE

CHECKING ACCOUNT DEPOSIT TICKET		
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL		
	Dollars	Cents
Cash		
Checks		
Total Deposit		
Less Cash Received		
Net Deposit		

DATE \_\_\_\_\_ 20\_\_

Sign on line above only if cash is received.

⑆ 1234 56789⑆ 314 1592654⑆

FEBRUARY 11 20__	340 2-7 160
PAY TO THE ORDER OF YOUR NAME \$ 80.00	
EIGHTY AND 00/100----- DOLLARS	
FOR SALES <i>Ronald Mason</i>	
⑆ 1234 56789⑆ 314 1592654⑆	

*Endorse the check with a restrictive endorsement (the check will be deposited).*

ENDORSE HERE

  
  
  

DO NOT WRITE BELOW THIS LINE

- 12 Feb Write Check 107 for \$60.00 to Dental Associates for a routine check-up.
- 18 Feb You made an ATM withdrawal of \$50 from your checking account for spending money.
- 25 Feb Make an on-line payment of \$450 to Colonial Apartments, Inc. for March rent.
- 28 Feb Make an on-line payment of \$38.65 to Verizon for their bill dated February 12.
- 28 Feb Reconcile your account statement for the month of February.



# MONTHLY TRANSACTIONS

## TRANSACTIONS FOR MARCH

- 2 Mar Use your Debit Card to pay \$56.98 to Best Produce for groceries.
- 3 Mar Use your Debit Card to pay \$29.95 to Jeans Outlet for clothing.
- 4 Mar Last month you applied for a loan for the purchase of a used car. Your loan application was approved and today you received the check for \$4,000. Deposit this check, plus your paycheck for \$702.35, by endorsing them using a restrictive endorsement and completing the deposit ticket.

		MARCH 4 20	412 1-9 210
PAY TO THE ORDER OF	YOUR NAME	\$ 4,000.00	
		4,000 DOL 00 CTS DOLLARS	
FOR	388524765	<i>Suzan Hong</i>	
⑆ 1 2 3 4 5 6 7 8 9 ⑆ 3 1 4 1 5 9 2 6 5 4 ⑆			

Endorse the check using a restrictive endorsement (the check will be deposited).

ENDORSE HERE

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DO NOT WRITE BELOW THIS LINE

CHECKING ACCOUNT DEPOSIT TICKET		
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL		
DATE _____ 20 _____	Dollars	Cents
Cash		
Checks		
Total Deposit		
Less Cash Received		
Net Deposit		

Sign on line above only if cash is received.

⑆ 1 2 3 4 5 6 7 8 9 ⑆ 3 1 4 1 5 9 2 6 5 4 ⑆

		MARCH 4 20	238 1-5 210
PAY TO THE ORDER OF	YOUR NAME	\$ 702.35	
		SEVEN HUNDRED TWO AND 35/100 DOLLARS	
FOR	PAYROLL	<i>Kate Andrews</i>	
⑆ 1 2 3 4 5 6 7 8 9 ⑆ 3 1 4 1 5 9 2 6 5 4 ⑆			

Endorse the check using a restrictive endorsement (the check will be deposited).

ENDORSE HERE

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DO NOT WRITE BELOW THIS LINE

- 4 Mar Using the ATM, transfer \$2,500 from your savings account to your checking account. This money will be needed when you buy the used car.
- 5 Mar Write Check 108 for \$5,780 to Thomas Auto Sales for the purchase of a used car.
- 7 Mar Make an on-line payment of \$36.81 to National Electric Company for their bill dated March 3.
- 10 Mar Use your Debit Card to pay \$9.75 to Star Dry Cleaners for some clothes you had cleaned.
- 14 Mar Write Check 109 for \$75 to Dr. James Morgan for a routine physical examination.
- 18 Mar Use your Debit Card to pay \$62.40 to Concord Apparel for a new jacket.
- 22 Mar Using the ATM, transfer \$100 from your checking account to your savings account.
- 31 Mar Make an on-line payment of \$31.75 to Verizon for their bill dated March 12.
- 31 Mar Make an on-line payment of \$450 to Colonial Apartments, Inc. for April rent.

*More checks are used in the United States today than in any other country. Their history here began in 1681 with a famous experiment called "The Fund at Boston in New England." To meet the shortage of hard cash for trade, the businessmen of Boston mortgaged their land and wares to the fund. In turn, they received a credit against which they could draw checks.*



# MONTHLY TRANSACTIONS

## TRANSACTIONS FOR APRIL

- 10 Apr Make an on-line payment of \$29.40 to National Electric Company for their bill dated April 3.
- 12 Apr Use your Debit Card to pay \$16.83 to Plaza Drug Store for some personal hygiene items.
- 13 Apr Make the deposit illustrated. The check for \$684.55 is your paycheck; deposit it using a restrictive endorsement. The second check for \$85.25 is from a neighbor who bought two chairs from you at a yard sale.

CHECKING ACCOUNT DEPOSIT TICKET		
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL		
	Dollars	Cents
Cash		
Checks		
Total Deposit		
Less Cash Received		
Net Deposit		

DATE \_\_\_\_\_ 20 \_\_\_\_\_

Sign on line above only if cash is received.

⑆ 123456789⑆ 3141592654⑆

APRIL 13 20 \_\_\_\_\_ 814  
1-5  
210

PAY TO THE ORDER OF YOUR NAME \$ 684.55

SIX HUNDRED EIGHTY-FOUR AND 55/100 DOLLARS

FOR PAYROLL *Kate Andrews*

⑆ 123456789⑆ 3141592654⑆

ENDORSE HERE

DO NOT WRITE BELOW THIS LINE

April 13 20 \_\_\_\_\_ 510  
2-3  
740

PAY TO THE ORDER OF Your Name \$ 85.25

Eighty-five and 25/100 DOLLARS

FOR Yard Sale *Tom Peterson*

⑆ 123456789⑆ 3141592654⑆

ENDORSE HERE

DO NOT WRITE BELOW THIS LINE

- 17 Apr Use your Debit Card to pay \$169.99 to Millennium Electronics for a new Blu-ray player.
- 18 Apr Make an on-line payment of \$40.67 to Verizon for their bill dated April 12.
- 25 Apr You received notice from your Bank that the check for \$85.25 you deposited on April 13th is being returned due to insufficient funds. You returned the check to the person who wrote it and at your request he gave you cash. (TIP: THIS TRANSACTION WILL DECREASE YOUR ACCOUNT BALANCE.)
- 25 Apr Use your Debit Card to pay \$87.42 to Discount Tire Center for a new tire for your car.
- 26 Apr Use your Debit Card to pay \$33.98 to Maria's Bakery for a birthday cake and party supplies.
- 28 Apr Write Check 110 for \$314.12 to KMT Insurance for quarterly insurance premium.
- 30 Apr Use your smartphone to deposit the check illustrated. The check is your paycheck. The bank requires a restrictive endorsement specifying "for deposit only."  
 Step 1: Endorse the check and enter deposit into register.  
 Step 2: Photograph both sides of check.  
 Step 3: Transmit photo to bank per their instructions.  
 Step 4: Store check in secure location; void check per bank instructions.
- 30 Apr Withdraw \$30 from the ATM for personal spending.
- 30 Apr Make an on-line payment of \$450 to Colonial Apartments, Inc. for May rent.
- 30 Apr Reconcile your account statement for the month of April.

APRIL 27 20 \_\_\_\_\_ 964  
1-5  
210

PAY TO THE ORDER OF YOUR NAME \$ 692.80

SIX HUNDRED NINETY-TWO AND 80/100 DOLLARS

FOR PAYROLL *Kate Andrews*

⑆ 123456789⑆ 3141592654⑆

ENDORSE HERE

DO NOT WRITE BELOW THIS LINE



*NOTE: Unless directed by your teacher, you are not required to fill out blank checks and deposit slips for the last four months. Continue to record each transaction in the check register.*

## TRANSACTIONS FOR MAY

- 1 May You use your internet account access to pay \$152.86 to your Bank for the first payment of your car loan. You also use the internet to set up repeating payments of \$152.86 to be made on the first day of each month. (You won't write any checks, but be sure to record and deduct the payment.)
- 5 May You need cash for groceries and the weekend; use your Debit Card to get \$120 from the ATM.
- 8 May Make an on-line payment for \$41.96 to National Electric Company for their bill dated May 3.
- 9 May Use your Debit Card to pay \$229.99 to Tech Mart for a new color printer.
- 9 May Using your computer, go on-line and transfer \$100 from your checking account to your savings account.
- 14 May Make a deposit of \$685.45. This is your paycheck.
- 18 May Make an on-line payment of \$39.26 to Verizon for their bill dated May 12.
- 30 May Make an on-line payment of \$450 to Colonial Apartments, Inc. for June rent.
- 31 May Reconcile your account statement for the month of May.

## READ THE SMALL PRINT

Debit cards and credit cards are virtually identical pieces of plastic, but they function very differently. Using the debit card should be treated by you just like writing a check without any float: possibly minutes after you make a purchase, the cost is going to be deducted from your checking account. You need to be certain that your account has enough money in it to cover the purchase or cash withdrawal. You can use the debit card at an ATM machine with a small charge or no charge. If you use your credit card to get cash at an ATM, you may wind up paying transaction fees equal to 3% to 5% of the amount of cash you take, plus the credit card company will immediately begin to charge you interest on the cash advance. Many credit cards have a *minimum* cash advance charge of \$10, so it would cost you more than \$60 to get \$50 in cash!

A credit card purchase, rather than directly reducing the money in your checking account, results in a bill which can be paid off with no penalty shortly after you receive the bill or, with additional cost in the form of interest, can be paid over time. Major credit cards (i.e., not a store-specific card) have some significant advantages: in an emergency such as a car breakdown, your ability to pay is limited by the credit limit

of the credit card rather than what is in your checking account; the auto mechanic may not accept a check since he may be stuck if the check "bounces" (i.e., is not paid by your bank due to insufficient funds in your account) but with the credit card, the mechanic is paid by a reputable company who will now handle collecting the money from you; you do not have to carry much cash which can be lost or stolen. Some activities such as renting a car may require that you have a credit card.

Credit cards also have some distinct downsides. Unless you have a lot of self control, it is very easy to spend more on the credit card than if you had to pay cash; money which may be painful to repay. Adding to this is the fact that a credit card can make a purchase much more expensive. (Assuming that you made the minimum monthly payments on a \$1,000 purchase with a credit card interest rate of 24%, it would take you over 10 years and \$2,300 in payments to pay it off!) And while a stolen credit card is harder to use than stolen cash, it does leave you more open to identity theft.





## TRANSACTIONS FOR JUNE

- 3 Jun Use your Debit Card to pay \$21.50 to Tech Mart for a color ink cartridge.
- 10 Jun Make an on-line payment for \$37.44 to National Electric Company for their bill dated June 3.
- 14 Jun Make a deposit of \$697.65 representing your paycheck.
- 15 Jun Set up KMT Insurance as a pre-authorized payment to be deducted from your account on the first day of each quarter. The first payment will be for \$314.12 and will be submitted by KMT to your bank on July 1. (Yes, you need to put it in your check register immediately even though payment is in 17 days.) KMT will advise you via e-mail of each new payment 15 days before it is deducted.
- 18 Jun Make an on-line payment for \$32.46 to Verizon for their bill dated June 12.
- 19 Jun Use your Debit Card to pay \$74.20 to Best Produce for groceries.
- 19 Jun Write Check 111 for \$166.95 to Higby Furniture for a new chair.
- 20 Jun Go to your Bank and issue a stop payment order on Check 111 which you wrote yesterday payable to Higby Furniture. The chair the company delivered is grossly defective; the chair has been returned to the store. (TIP: YOUR ACCOUNT BALANCE WILL INCREASE AFTER YOU COMPLETE THIS TRANSACTION.)
- 25 Jun Using the ATM, make a cash withdrawal from your checking account of \$50.
- 30 Jun Make a deposit of \$694.86 (your paycheck).
- 30 Jun Make an on-line payment of \$450 to Colonial Apartments, Inc. for July rent.
- 30 Jun Reconcile your account statement for the month of June. (TIP: DID YOU REMEMBER TO DEDUCT \$152.86 FOR THE AUTOMATIC DEDUCTION OF YOUR CAR LOAN?)



## BEWARE OF SCAMS, FRAUDS AND CONS

The increasing popularity of internet commerce has given rise to a surge in fake check scams and other internet fraud transactions. There are many variations of check scams, but most involve a stranger offering to send the victim a check for some seemingly legitimate purpose. It may be for something the victim offered for sale, an advance on a sweepstakes they supposedly won or an advance payment for work they've agreed to perform from home. Regardless of the reason, the scam artist sends the victim a check for an amount greater than the amount owed which the victim deposits to their account. The victim is asked to either send them a check for the difference or wire transfer the money to them. By the time it's discovered the scammer's check is a forgery, they already have the victim's money. With today's technology, counterfeit checks are very difficult to detect, even by bankers. Nevertheless, bank customers are responsible for the checks they deposit and if they prove to be counterfeit, the customer will have to repay the money they withdrew against the bad check.

Many of these types of scams originate offshore. One favorite is to explain to the victim that a foreigner (usually a very wealthy one) is trying to get their money out of their country and they promise the victim some of the money if they will agree to let them deposit it in the victim's bank account for safekeeping. Doing so, however, requires the victim to send them "good faith" money in advance. Of course, the offshore money never arrives in the victim's account.

Another variation of this scam is to tell the victim that a product is being sold on the internet, but because of the restrictive laws in the caller's own country, they can't process foreign checks and would like the victim to deposit their checks into the victim's own account. The victim is told they can earn 10%–20% of the checks processed. The victim deposits the first batch of checks and sends a check for 80%–90% of the amount deposited to the scammer. Afterwards, the victim discovers the deposited checks were fraudulent.

(continued on page P16)



**TRANSACTIONS FOR JULY**

- 10 Jul Make an on-line payment for \$41.96 to National Electric Company for their bill dated July 3.
- 15 Jul Deposit your paycheck; the amount of the check is \$710.40.
- 16 Jul A relative called to tell you \$200 will be wired to your checking account as a birthday present. Later in the day your bank confirmed receipt of the money.
- 19 Jul You bought two Amtrak tickets for \$284.50 for a vacation trip. You paid for them using your Debit Card.
- 19 Jul Get \$200 from the ATM for your vacation.
- 27 Jul Use your Debit Card to pay \$235.47 to Imperial Motel for lodging.
- 27 Jul You spent \$25.30 for souvenirs at the Craft Shop and used your Debit Card to pay for it.
- 28 Jul Make an on-line payment for \$36.20 to Verizon for their bill dated July 12.
- 29 Jul The balance in your checking account is getting low. Use your smartphone to transfer \$200 from your savings account to your checking account.
- 30 Jul Make an on-line payment of \$450 to Colonial Apartments, Inc. for August rent.
- 31 Jul Reconcile your account statement for the month of July.

**BEWARE OF SCAMS, FRAUDS AND CONS (continued)**

A more recent scam involves the victim receiving a telephone call from someone who already has their credit card number. The person calling states they're with the Security and Fraud Department at VISA or MasterCard and that the victim's card has been flagged for an unusual purchase pattern and the purpose of the call is to verify a fictitious purchase. When the victim denies having made the purchase, the scammer tells the victim a credit will be issued to their account and a fraud investigation initiated. To give the scam more credibility, the victim is given a "control number" and told to call the 800 number on the back of the card and ask for security if they should have any questions. Now comes the critical part of the scam. The caller then says "I need you to verify that you are in possession of your card." The victim will be asked to turn their card over and give the caller the 7-digit number shown on the reverse side. The last 3 digits of this number are a security code that verify you are the possessor of the card and is typically used to make internet purchases. After the victim gives the caller the number, the caller says "That's correct, I just needed to verify that the card has not been lost or stolen and that you still have the card. Do you have any other questions?" After you say "no," the caller

thanks you and states "Don't hesitate to call back if you do," and hangs up. Now they have all the information they need to make numerous purchases using the victim's card.

The lessons to be learned from these types of scams are:

- Be very suspicious of anyone you don't know trying to give you money and asking you to send them money in return.
- Just because you can withdraw money against a check you've deposited doesn't mean the check is good. An extra level of protection is to require a cashier's check which theoretically cannot bounce because its face amount is paid to the bank when it is issued. Even though cashier's checks can be counterfeited, they are less common than counterfeit personal checks.
- Don't give out any information over the telephone to people you don't know. Banks, credit unions and credit card companies don't normally use the telephone to contact their customers, so don't give out confidential information by telephone.



## TRANSACTIONS FOR AUGUST

- 1 Aug Deposit your paycheck. The amount of the check is \$694.32.
- 2 Aug Use your Debit Card to pay \$110.40 to the Goal Post Arena for soccer equipment and uniform.
- 8 Aug Make an on-line payment for \$41.96 to National Electric Company for their bill dated August 3.
- 12 Aug Use your Debit Card to pay \$58.70 to Upland Shoe Store for a new pair of sneakers.
- 15 Aug Deposit your paycheck. The amount of the check is \$687.24.
- 16 Aug You spent \$46.28 at Antonio's for dinner with your friend; you used your Debit Card to pay for it.
- 22 Aug Make an on-line payment of \$37.86 to Verizon for their bill dated August 12.
- 28 Aug Use your internet account to transfer \$500 from your checking account to your savings account.
- 30 Aug Make an on-line payment of \$450 to Colonial Apartments, Inc. for September rent.
- 31 Aug Reconcile your account statement for the month of August.

OK – we made it through the nine-month checking simulation. You may have noticed that we progressed from hand-written checks to primarily using our debit card for payments at retail locations and the online account for most bills. Generally, this is how our society has been moving. We ducked credit cards, although they may prove to be as good as or better than debit cards IF you have the discipline to pay them off every month.

Here's the big question: how did you do economically? If you have been putting all this data into a computer program, you could get a report by spending category...but it would still require some review and thought.

Over nine months you earned \$8,383...about \$933 per month. That's great if you're a student and working part-time, but not very good if you're working full-time and not enough to be comfortably self-sufficient. (In 2012, the US Government defined the "poverty threshold" income for an individual to be \$995 per month; and for a family of four it is \$1,958 per month.) In addition to your earnings, you pulled \$1,975 out of savings and borrowed \$4,000. Most of that was for your car, and you put some money back into savings, so maybe we're on the right track.

Do you see any areas of spending that look low or high? \$942 for nine months of car insurance is probably not enough if you're under 25. \$155 for clothes over nine months looks unrealistically low.

And we only had \$490 for groceries and cash; that comes out to less than \$13/week for your meals, gasoline, etc., which is way low! On the other hand, \$450 per month for rent might be more than what you need to spend, especially if you can share the rent with a roommate.

At the end of this period, you have fixed monthly expenses of \$450 rent, \$153 car payment (for two more years), \$105 car insurance, about \$67 for phone and electric and, more realistically, about \$300 (that's only \$70/week) for groceries, personal items and gasoline. That totals \$1,075...somewhat more than you have been earning, and that's before any savings, car maintenance, entertainment, clothing, vacations, etc. Now this doesn't sound good at all! Looking at income, you received only four paychecks during the first 3½ months of the simulation; is that a highly unusual situation or something you need to plan on? And, finally, we know nothing about your savings. Can you handle a work layoff or major car maintenance? Do you plan to go to school or buy a house? Will you have to help support your parents? Do you expect your children to go to college? Do you hope to retire at some point?

We didn't do this analysis just to end this simulation on a low note. It's important to understand what you need to earn to have the lifestyle you (realistically) want, and to seriously think about what you should be doing now to be able to earn the income you want for the rest of your life.

