

2-1 Checking Accounts

Advanced Financial Algebra

How Do People Gain Access to Money They Keep in the Bank?

- Checking Account
 - Write a check
 - EFT = electronic funds transfer
 - Card swipe with PIN (personal identification number)
 - Online banking
- NOTE: You should keep a record of all transactions in your checking account, including checks written, deposits made, fees paid, ATM withdrawals, and so on. This record is a **check register**.

Depositing Money

- Direct deposit from employer
- Automated transfers or deposits from other accounts
- Submit a picture of both sides of check you receive
- ATM
- EFT = electronic funds transfer
- Interest: some banks pay interest on certain types of accounts

Bank Fees

- Monthly fees
- Overdraft fees if you have a negative \$ balance
- Insufficient funds/bounced check fees
- Below minimum balance fee
- Fee for too many transactions in a month
- Etc.

Example 1 – filling out a deposit slip @ bank

- Allison currently has a balance of \$2,300 in her checking account. She deposits a \$425.33 paycheck, a \$20 rebate check, and a personal check for \$550 into her checking account. She wants to receive \$200 in cash. How much will she have in her account after the transaction?

- SOLUTION:

First fill out deposit slip for the three checks.
At the bottom, subtract the cash received.


DEPOSIT TICKET

Allison Megham
7 Tome Way
Philadelphia, PA 19255

DATE June 4
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

Allison Megham
SIGN HERE FOR CASH RECEIVED (IF REQUIRED)

	DOLLARS	CENTS
CASH		
LIST CHECKS SINGLY	425	33
	20	00
	550	00
SUB TOTAL	995	33
LESS CASH RECEIVED	200	00
TOTAL		

 ROME FINANCIAL BANK

⑆04 2000 11913⑆ 517115100 71⑈

Example 1 continued – calculate new balance in checking account

- SOLUTION CONTINUED:

○ Allison's previous balance	\$2,300.00	
○ Deposit paycheck	+ \$425.33	
○ Deposit rebate check	+ \$ 20.00	
○ Deposit personal check	<u>+ \$550.00</u>	
○ Balance AFTER deposits =	\$3295.33	
○ Allison received cash from her deposit	<u>- \$200.00</u>	
○ REMAINING BALANCE AFTER ALL TRANSACTIONS =		\$3,095.33

Example 2 – Check Registers

- Nick has a checking account at Park Slope Savings Bank. He writes both paper and electronic checks and makes EFTs. Nick enters the necessary information: check or confirmation number, date, type of transaction, and amount. He uses E to indicate an electronic transaction. Determine the balance in his account after the Star Cable Co. check is written.

NUMBER OR CODE	DATE	TRANSACTION DESCRIPTION	PAYMENT AMOUNT	✓	FEE	DEPOSIT AMOUNT	\$
							BA3,672.27
3271	5/5	Dewitt Auto Body (Car Repair)	\$ 1,721 00				
3272	5/7	Kate's Guitar Hut (Strings)	32 50				
	5/9	Deposit (Paycheck)				821 53	
E	5/10	Verizon Wireless conf# BIT15XY	101 50				
E	5/10	Star Cable Co. conf# XXY179BBQ	138 90				

Example 2 - SOLUTION

NUMBER OR CODE	DATE	TRANSACTION DESCRIPTION	PAYMENT AMOUNT	✓	FEE	DEPOSIT AMOUNT	‡ BAL
							3,672.27
3271	5/5	Dewitt Auto Body (Car Repair)	\$ 1,721 00				- 1,721.00
							1,951.27
3272	5/7	Kate's Guitar Hut (Strings)	32 50				- 32.50
							1,918.77
	5/9	Deposit (Paycheck)				821 53	+ 821.53
							2,740.30
E	5/10	Verizon Wireless conf# BIT15XYY	101 50				- 101.50
							2,638.80
E	5/10	Star Cable Co. conf# XXY179BBQ	138 90				- 138.90
							2,499.90

- Nick's balance is \$2,499.90 after the Star Cable Co. check is written.

Assignment: pg 70 #2, 6, 12, 13, 16, 17

○ #2

Jackie deposited a \$865.98 paycheck, a \$623 stock dividend check, a \$60 rebate check, and \$130 cash into her checking account. Her original account balance was \$278.91. Assuming the checks clear, how much will be in her account after deposits are made?

○ #6

Anna has an online checking account at Garden City Bank. Her balance at the beginning of February was \$5,195.65. During the month, she made deposits totalling \$6,873.22, wrote checks totalling c dollars, was charged a maintenance fee of \$15, and earned \$6.05 in interest. Her balance at the end of the month was \$4,200.00. What is the value of c ?

○ #12 On Sept. 1, Chris bought band equipment at a music store. Calculate the total bill and write a check for the correct total amount.

Assignment: pg 70 #2, 6, 12, 13, 16, 17 continued

- #13 Create a check register for the transactions listed. NOTE: there is a \$2.25 fee for each ATM use.
 - a) Your balance on 10/29 is \$237.47
 - b) You write check #115 on 10/29 for \$18.00 to Fox High School
 - c) You deposit a paycheck for \$162.75 on 10/30

Assignment: pg 70 #2, 6, 12, 13, 16, 17 continued

16. Create a check register for the transactions listed. Download a blank check register from www.cengage.com/financial_alg2e.
- a. Your balance on 12/15 is \$2,546.50.
 - b. On 12/16, you write check 2345 for \$54 to Kings Park High School Student Activities.
 - c. On 12/17, you deposit your paycheck in the amount of \$324.20.
 - d. Your grandparents send you a holiday check for \$100, which you deposit into your account on 12/20.
 - e. On 12/22 you write three checks: 2346 to Best Buy in the amount of \$326.89, 2347 to Macy's in the amount of \$231.88, and 2348 to Target in the amount of \$123.51.
 - f. On 12/24, you go to the Apple Store. As you are writing the check for \$301.67, you make a mistake and must void that check. You pay with the next available check in your checkbook.
 - g. On 12/26, you return a holiday gift. The store gives you \$98. You deposit that into your checking account.
 - h. On 12/28, you write an e-check to Allstate Insurance Company in the amount of \$876.00 to pay your car insurance.
 - i. On 12/29, you withdraw \$200 from an ATM. There is a \$1.50 charge for using the ATM.

