

**June 24, 2006**

**SHORTCUTS**

# **Balancing a Checkbook Isn't Calculus. It's Harder.**

**By ALINA TUGEND**

I KNOW I'll never do brain surgery. Or paint a masterpiece. Or win an Olympic medal. But it seems like balancing a checkbook should be within reach.

Unfortunately, in our household, that feat seems as unattainable as ending up on the medals podium.

It is just addition and subtraction, right? My husband and I register all debits and credits. I go over the statement as soon as it arrives, tick off all the checks and see what is outstanding. And the balance is always out of whack.

We're not talking \$25 to \$50. It's often hundreds of dollars, and no matter how hard I look, I cannot figure out where we went wrong. It's like playing "Where's Waldo?" with no Waldo.

Even though the imbalance is often in our favor, I inevitably end up frustrated, give up trying to find the errors, assume the bank is right and put down the balance that matches the bank minus outstanding credits and debits. Then I draw a heavy ink line under the final amount and hope that next time it will actually balance.

It is no use turning it over to my husband. Great as he is in so many ways, he seems to have the same deficient gene as I in the checkbook area.

So is there a solution? There is, but it is not your typical stern admonishment from consumer advocates about managing your money to that last penny.

As Lewis Mandell, a professor of finance and managerial economics at the State University of New York at Buffalo, sees it: "Some people don't need to balance their checkbooks. If they have sufficient assets and overdraft protection, there's no real need to worry about balancing their checkbook."

For those who have a pretty good idea of what is in their account and how much they spend every month, laboriously going through every statement can be just a waste of time, he said.

"Today's technology makes it so difficult," Professor Mandell said. Before direct deposits and, particularly, debit cards, checkbook records consisted pretty much of deposits, cash withdrawals and checks written for largish sums.

Now, however, "keeping track of what's in a checking account is virtually impossible," he said. Debits can be for such small amounts — even [McDonald's](#), for example, now encourages people to use their debit cards when paying for a meal — that it is easy to lose track.

"In my case, my accounting system is pretty good, and I have a pretty good idea of where the balance should be," he said. "I'm not a college student living down to my last nickel or getting hit by \$30 or \$50 in overdrawn check fees."

What surprised me was how few of my friends balanced their checkbooks. Many said they glanced at the statement but did not do much more. Even my father, who was my financial role model and who used to balance checkbooks to the penny, said that now he often waits two or three months before going over his statements.

Like Professor Mandell, he has more of a financial cushion now than he did when he was raising three daughters.

He is also convinced that banks very rarely make mistakes; if he is off \$50 or \$100, he figures he made the error.

"I'm more worried about identity theft and look to see if I'm \$10,000 off," he said.

Marcia L. Turner, president of the American Association of Daily Money Managers and a former banker who provides financial services for small businesses, nonprofit groups and individuals, agreed with my father. "I can't remember the last time a bank made an error in an account I've worked on," she said.

Nonetheless, she said, too many people have no idea how much money they have — or do not have — in their checking account. That is particularly true if two people are using the same account.

"Banks used to have a sense of humor," she said. "It used to be you knew Mary or Joe down at the bank, and they call you and said, 'Marcia, you're overdrawn,' and either they charged you or they didn't."

Now, few customers even deal with a bank teller, let alone know their names, so if you bounce a check, a computer is going to charge you. But many people feel that overdraft protection, which avoids the hefty cost of a bounced check, takes care of such problems.

There are two common forms of such protection, Ms. Turner said: savings overdraft, in which money is transferred from your savings to cover the exact amount of the overdraft for about \$5 a transfer; or an overdraft line of credit, which will cover any checks that are written when you do not have money in your account. With those accounts, interest rates can run 20 percent or higher, and the customer can incur annual fees as well as a cost for each transaction.

There is another problem: if you end up seriously mismanaging a checking account — for example, you did not reimburse your bank for overdraft amounts or committed fraud — your name could end up on ChexSystems or

TeleCheck.

These are nationwide databases that banks and credit unions can use to deny customers a checking account.

Your name stays on ChexSystems, the most widely used database, for five years, although there are programs to help those who have been denied checking accounts find a way back into favor.

One, called Get Checking, is a national organization created in 2001 by the University of Wisconsin-Milwaukee's extension service and the [eFunds Corporation](#), the parent of the ChexSystems report.

Get Checking ([getchecking.org](http://getchecking.org)) works with community organizations and credit unions, to help those who either have seriously bungled their checking accounts or do not have the credentials to open an account, like immigrants. It teaches them how to use debit cards wisely and how to balance a checkbook.

To participate in the course, students must pay off all balances owed to all financial institutions, attend a six-hour class that costs \$40 a person or \$60 a couple and pass a competency test. They then receive a certificate that some banks and credit unions may accept, permitting them to open a checking account.

Interestingly enough, Professor Mandell, who is the principal researcher for the JumpStart Coalition for Financial Literacy surveys given to high school seniors every two years, said the 2006 test showed that students who said they had bounced at least one check for insufficient funds had much poorer financial literacy than those who had never bounced a check.

"It's the first time we've made a correlation between financial behavior and financial literacy," he said.

And more than 35 percent of the high school seniors who said they had checking accounts reported that they did not balance their checkbooks regularly.

Those students might be the future clients of Ms. Turner. Although she provides all sorts of financial services for clients, there are a few she just balances checkbooks for. Money managers in her association generally charge \$50 to \$200 an hour, depending on where they work nationally.

"I love balancing checkbooks, and the more screwed up, the better," she said.

Over here, please.

Ms. Turner assured me that an inability to balance a checkbook is not a sign of complete ineptitude, as I feared.

"You're not unusual," she said. "Some people's minds just don't work that way."

Online banking might solve the problem, she suggested. That way we can check to see which debits and direct

deposits have cleared daily or weekly.

This seems obvious, but it is something we never did. After talking with Ms. Turner, I promptly signed onto our banking site and suddenly felt empowered.

She also suggests using software like Quicken to track and manage your finances; it does the math for you, so errors are avoided.

In this age of identity theft, or to ensure you have not been billed more than once for the same debit card transaction, Ms. Turner says, the bare minimum a person should do is to open a statement, examine the transactions to make sure nothing looks fishy and eyeball the balance to ensure it is in the ballpark.

"Because I guarantee you," she said, "if a check bounces, it's going to be the one to the I.R.S. or the mortgage company."

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