Why should I balance my checkbook?

I know a lot of people who do not balance their checkbooks each month. They simply look at their balance or their statement and think it appears to be in the ballpark so I’m good. Let me ask you this. Is your bank capable of making a mistake? Are their people out there who might want to rip me off?

If the answer to either of those questions is yes, you should pay more attention each month. Balancing the checkbook is your way of verifying that your records match up with the bank’s records. You can either do this by using the back of your bank statement or using an easy tool to do it. There are programs available online or you can simply use an excel spreadsheet.

Are you sure you record all of your transactions? If you are like me, you forget to record that ATM withdrawal or debit card purchase from time to time. Missing one $10 transaction probably isn’t that big of a deal. However, if you miss a $10 transaction each month, all of a sudden you don’t have nearly as much money in the bank as you think you do. And bank overdraft fees are high. Not to mention that bouncing a check is embarrassing as well.

If you find that your account is not in balance and you haven’t balance the checkbook in a long time (if ever), finding that mistake or mistakes could take a looonnnggg time. Whereas, if you balance the account monthly, you only have to go through one month worth of data to find the problem.

You can find easy, step-by-step instructions as to how to balance your checkbook online in any number of places. But you should get in the habit now. The next time your statement shows up in the mail, balance that account. It will help you determine if anyone is trying to rip you off and also serve as a double check that you haven’t missed recording any transactions in your check register.