



USING CHECKS: WRITE IT DOWN



Latoya receives a weekly check from the Hometown Diner, the restaurant where she works after school. The weekly paychecks are printed on a computer, but they are all signed by the manager. Latoya imagines how good it would feel to sign thousands of dollars' worth of checks every month. Latoya's parents write checks to pay the bills that come to their house every month. They do not seem to enjoy the task all that much, but maybe that is because there are usually more bills than there is money to pay them with.

Some of Latoya's earnings are used to help pay those bills. Latoya would like to help write the checks, too, and keep track of how much money her parents have in their checking account. What Latoya really wants to do is to write checks for a large corporation for thousands of dollars of someone else's money! But for the moment she will settle for learning how to write a proper check and maintain an accurate check register. She plans to open her own checking account when she feels comfortable with these procedures.

OBJECTIVES: *In this lesson, we will help Latoya to:*

- *Write checks and maintain a check register.*
- *Endorse checks properly.*
- *Make a bank deposit.*
- *Use a spreadsheet to maintain a check register.*

WRITING AND ENDORSING CHECKS

Most people make money transactions using checks. When checks are properly written, as shown on page 65, they provide proof of payment and are an excellent record of transactions. However, it is important to prevent someone from altering your checks. You must carefully fill in the **payee** (the person to whom the check is written), sign it as the **drawer** (the person from whose account the funds are to be withdrawn), and keep a careful record in your check register. A **check register** is a separate form on which a checking account holder keeps a record of deposits and checks written. The small, portable check register is called a checkbook.

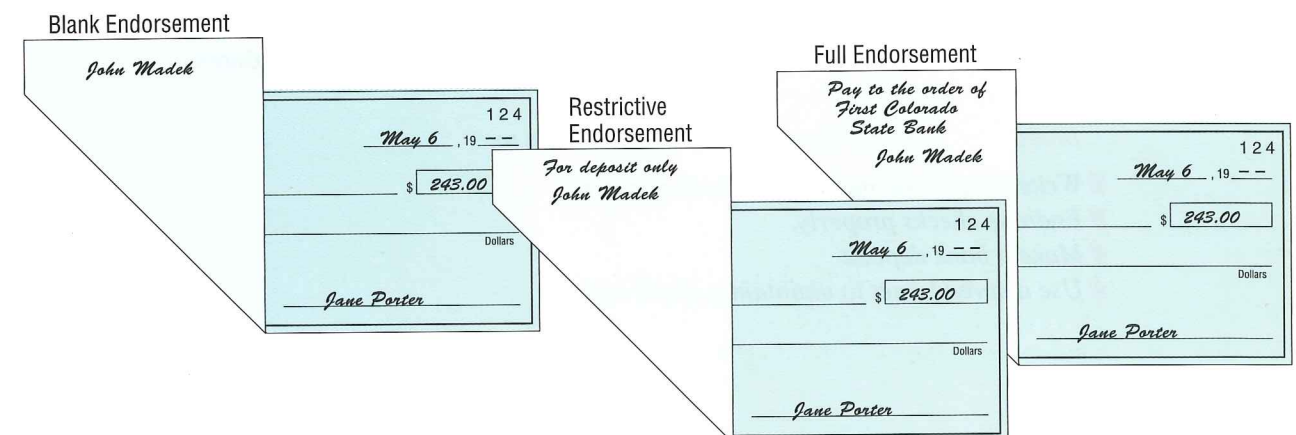
Endorsements It is also important to sign and endorse checks properly. Banks and other businesses that cash or accept checks for payment are careful that the signature on the front of the check or the endorsement on the back is that of the person presenting the check for payment. That is why businesses often ask for identification before accepting a check from a person they do not know.

An **endorsement** is a signature and a message to the bank telling it to cash a check, deposit it, or transfer your right to the check to someone else. It is written on the back of the check, at the left-hand end. Endorsements are made on the back of the check exactly as your name appears on the face of the check. Even if your name is misspelled, you should sign it as it is written on the face and then add the correct spelling. There are three common types of endorsements: blank, restrictive, and full.

A **blank endorsement** is your signature only. A check with a blank endorsement is like cash. Anyone who has the check can present it for payment at a bank. For this reason you should not blank endorse a check unless you are at the bank.

A **restrictive endorsement** is your signature and a message that limits the use of the check. A restrictive endorsement usually reads "For deposit only." This type of endorsement allows you to send the check by mail for deposit without fear of loss. If a check endorsed "for deposit only" is lost or stolen, it cannot be cashed.

A **full endorsement** is your signature and a message that directs the transfer of the check to someone else whom you designate. A full endorsement is written: "Pay to the order of . . ." followed by the name of the recipient and your signature. This endorsement transfers the right of payment to the new payee.



Latoya follows the procedures listed below when writing a check and keeping a record in her check register. The numbers of the steps correspond to the circled numbers in the illustration. It is important to use permanent ink to write checks, never pencil or erasable ink.

These are the steps to be followed when writing a check.

1. Before writing the check, record in the check register: the check number, the payee, the purpose of the check, and the amount of the check.
2. On the check itself, write the date. This is important for your own records and in case the check is ever needed as proof of payment.

PLEASE BE SURE TO DEDUCT ANY PER CHECK CHARGES OR MAINTENANCE CHARGES THAT AFFECT YOUR ACCOUNT

CHECK NO.	DATE	CHECKS DRAWN OR DEPOSITS MADE	BALANCE FORWARD →	✓		
D	4/10	TO Deposited paycheck FOR for 3/16 - 3/31	DEDUCT CHECK - ADD DEPOSIT +		258	49
			BALANCE →		258	49
001	4/11	TO The Slax and Jax Shop FOR pullover	DEDUCT CHECK - ADD DEPOSIT +		15	95
			BALANCE →		242	54
002	4/13	TO Cash FOR current expenses	DEDUCT CHECK - ADD DEPOSIT +		40	00
			BALANCE →		202	54
D	4/16	TO Deposit FOR	DEDUCT CHECK - ADD DEPOSIT +		20	50
			BALANCE →		223	04
003	4/22	TO Spangler Gifts, Inc. FOR postage due on 4/8 order	DEDUCT CHECK - ADD DEPOSIT +			88
			BALANCE →		222	16
AT	4/29	TO Cash from automatic teller FOR game tickets and dinner	DEDUCT CHECK - ADD DEPOSIT +		30	00
			BALANCE →		192	16



LATOYA S. MARSHALL
2501 Maple Avenue
Inland, IN 47304
Telephone 555-1234

001

April 11, 19 --

Pay to the order of The Slax and Jax Shop \$ 15.95

Pay to the order of 95

Fifteen and 100 Dollars

LB Inland Bank
15 Commercial Street
Inland, IN 47304

For: pullover Latoya S. Marshall
Signature

3. Designate the payee; that is, write the name of the person or organization to whom you are paying the money.
4. Write the amount of the check, in numbers, next to the dollar sign.
5. Write the amount of the check, in words, on the middle line and draw a line to fill in the space to the word "Dollars."

DEPOSIT TICKET

CASH	CURRENCY		
	COIN		
LIST CHECKS SIMPLY		160	42
TOTAL FROM OTHER SIDE			
TOTAL		160	42
LESS CASH RECEIVED		20	00
NET DEPOSIT		140	42

70-7293 810
2719

USE OTHER SIDE FOR ADDITIONAL LISTING
BE SURE EACH ITEM IS PROPERLY ENDORSED

DATE April 3 19 -- --
 DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL
Latoya S. Marshall

Inland Bank
15 Commercial Street
Inland, IN 47304

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT

ALGEBRA REVIEW

Write an equation to express the relationship shown. Ask yourself how the y values can be derived from the x values.

1.

x	1	3	5
y	2	6	10

2.

x	-1	0	1
y	1	0	-1

3.

x	2	4	6
y	5	9	13

4.

x	1	2	3
y	2	5	8

5.

x	-2	0	2
y	5	1	-3

Write the equation of a line through each set of points.

6. (2, 3), (3, 4), (4, 5)

7. (2, 4), (3, 6), (4, 8)

8. (1, -3), (2, -6), (3, -9)

9. (1, 2.5), (2, 5.5), (3, 8.5)

6. Write the purpose for which each check is written on the line at the bottom of the check.
7. Sign your name as the drawer on the signature line.

DEPOSIT TICKETS

When you deposit money in the bank, you must fill out a deposit ticket as shown above. Notice above how a deposit ticket is completed. Generally, if you withdraw cash, you must sign the deposit ticket as shown. The bank will stamp the deposit slip and return it to you for your records.

In this transaction, Latoya gives the bank a check for \$160.42 made out to her. She also asks for \$20 in cash from the check, so her deposit is \$140.42.

Ask Yourself

1. Why do people use checks for money transactions?
2. Why is it important to write checks properly?
3. Why does the bank require an endorsement when cashing a check?

SHARPEN YOUR SKILLS

SKILL 1

EXAMPLE 1 You are about to mail out checks to pay the following bills: Central Telephone Co., \$43.78; Harvey's Computer Store, \$102.05; Downtown Music, \$18.75. The checks you are using begin with number 101. The date is October 6. Your initial balance is \$201.68.

QUESTION How would you complete the check register, entering each transaction and finding the balance after each transaction?

SOLUTION

Following is the check register with the entries. Payments are subtracted to find each new balance; deposits are added.

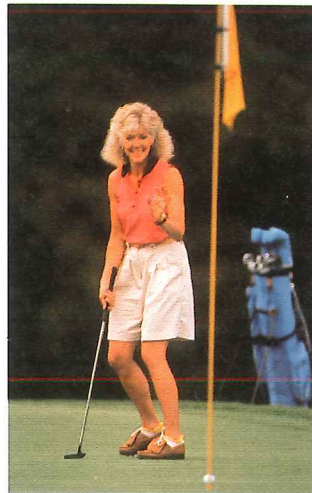
CHECK NUMBER	DATE	CHECKS/DEPOSITS	AMOUNT	BALANCE
101	10/6	TO: <i>Central Telephone</i>		<i>201.68</i>
		FOR: <i>Phone bill</i>	<i>43.78</i>	<i>-43.78</i>
102	10/6	TO: <i>Harvey's Computer</i>		<i>157.90</i>
		FOR: <i>Software</i>	<i>102.05</i>	<i>-102.05</i>
103	10/6	TO: <i>Downtown Music</i>		<i>55.85</i>
		FOR: <i>CD</i>	<i>18.75</i>	<i>-18.75</i>
		TO:		<i>37.10</i>
		FOR:		

SKILL 2

EXAMPLE 2 Latoya read in the paper about the Eldorado Golf Tournament played in her city on March 4. She imagined what it would be like to write checks to the prize winners. The paper listed the top five as follows:

Cynthia Alvarez	\$352,000
Mark Louis	\$240,000
Peggy Race	\$150,000
Pablo Chosa	\$ 75,000
Tina Marin	\$ 50,000

QUESTION How would Latoya make out the largest check?



SOLUTION

The following is a check correctly made out to the winner.

Eldorado Golf Tournament		001
Eldorado Golf Club Inland, IN 47304 Telephone 555-7902		March 4, 19 --
<i>Cynthia Alvarez</i>		\$ 352,000.00
Pay to the order of		<u>00</u>
<i>Three hundred fifty-two thousand and 100</i>		Dollars
LB	Inland Bank 15 Commercial Street Inland, IN 47304	
For:	<i>Latoya S. Marshall</i>	Signature

SKILL 3

EXAMPLE 3 Latoya has learned that she should endorse a check on the back exactly as her name appears on the face of the check. Even if her name is misspelled, she should sign it as it is written on the face and then write her full name correctly. Her grandfather recently gave her a check using “Toya,” his pet name for her. Latoya is mailing the check to the bank for deposit.

QUESTION How should Latoya endorse the check?

SOLUTION

Latoya should write her name as it appears on the face of the check and then write her full name. She should add the restriction, as shown, so that no one will be able to cash the check.

<i>For deposit only</i> <i>Toya Marshall</i> <i>(Latoya Marshall)</i>	
	407
	July 23, 19 --
<i>Marshall</i>	\$ 25.00
<u>00</u> <i>and 100</i>	Dollars
	<i>Howard Marshall</i>
	Signature

SKILL 4

Some people use a spreadsheet as a check register. A spreadsheet is useful for this purpose because it is set up almost like a checkbook and because of the computations that can be done by using a spreadsheet.

EXAMPLE 4 Latoya has the following transactions written down and will enter them as she starts her spreadsheet. All of the transactions were done on May 3. Balance: \$178.85; Check 301, Home Hardware, \$37.12; Check 302, Campus Bookstore, \$45.60; Check from Mark Li, \$40.00 for deposit.

QUESTION How do you set up a spreadsheet as a check register?

SOLUTION

To set up a check register spreadsheet, you must set the columns needed and write the formulas for automatic computation. A model is shown below.

	A	B	C	D	E
1	Number	Date	Checks and Deposits	Amount	Balance
2					178.85
3	301	5/3	Home Hardware	-37.12	141.73
4	302	5/3	Campus Bookstore	-45.60	96.13
5		5/3	gift from Mark Li, deposit	40.00	136.13
6					

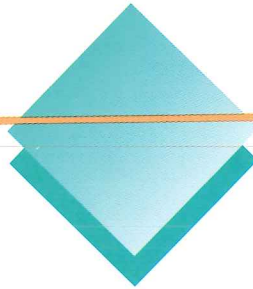


In the “Amount” column, D, it is important to enter deposits as positive amounts and checks as negative amounts. Then, when the formulas are entered for addition, the spreadsheet will compute the new balance correctly for each transaction. Each new balance is found by adding the amount (negative for a check; positive for a deposit) to the previous balance.

When you set up your check register spreadsheet, you may insert a formula in the “Balance” column, as shown below. On your computer screen, cell E3 will show a true balance, not the formula.

	A	B	C	D	E
1	Number	Date	Checks and Deposits	Amount	Balance
2					178.85
3					+E2+D3
4					

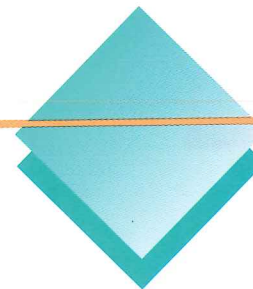
You insert the information for columns A to D yourself. The formula will calculate the new balance, which will appear in cell E3. When you proceed to row 4, use the COPY command to copy the formula from cell E3 to cell E4. A new formula, +E3+D4, will be automatically created for that cell.



TRY YOUR SKILLS

Enter the following transactions in a check register, finding the balance after each transaction. Each exercise will be a separate line on your simulated check register. Use a check register form supplied by your teacher, or draw up your own check register form.

1. Starting balance \$400
2. Check 101, Feb 2, to Josh Harmon, \$175.60 for electrical work
3. Check 102, Feb 3, to Sunrise Shop, \$27.90 for a jacket
4. Check 103, Feb 5, to Bright Spot, \$46.23 for a lamp
5. Feb 6, deposit, \$45.60
6. Check 104, Feb 6, to Garden Center, \$19.25 for plants
7. Write the check for the Garden Center (Exercise 6).

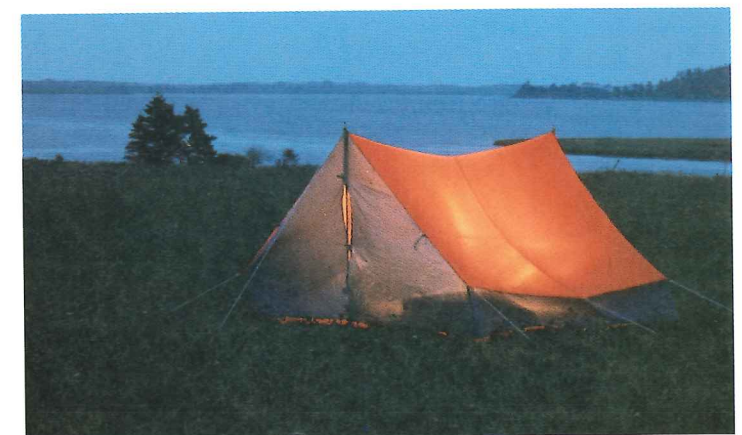


EXERCISE YOUR SKILLS

1. Why should you write the information in the check register before you make out a check?
2. What is meant by “writing your name the same way” each time you sign a document?
3. If you have done all your computations correctly, what does the checkbook balance tell you?
- 4–7. For the golf tournament of Example 2, write checks to the second through fifth place finishers listed and for the amounts listed.
8. Write an endorsement as you would on the back of a check that you intend to mail to the bank for deposit.
- 9–39. Create a check register spreadsheet, and enter each of the following transactions, finding the balance after each transaction. Record an initial balance of \$660.

KEY TERMS

blank endorsement
 check register
 drawer
 endorsement
 full endorsement
 payee
 restrictive
 endorsement



CHECK NUMBER	DATE	CHECKS/DEPOSITS	AMOUNT
9.	301 1/15	To: Panasonic Bike Shop For: Bicycle	\$ 181.50
10.	302 1/18	To: Brian's Sports For: Helmet	25.00
11.	303 1/20	To: Friendly Feet For: Shoes	25.00
12.	304 1/21	To: 50K Ride-A-Thon For: Entry Fee	5.00
13.	305 1/23	To: Gargantua's Dept. Store For: Socks	14.26
14.	306 1/23	To: Pandora's Hi Fashion For: Shorts	15.04
15.	307 1/25	To: Amalgam Dept. Store For: Bike Rack	115.00
16.	1/25	Deposit—Paycheck	311.19
17.	308 1/25	To: Sweatshirts Outrageous For: Jacket	71.81
18.	309 1/25	To: Bike World For: Tires	111.26
19.	310 1/25	To: Bruce's Sports For: Racing Pedals	40.17
20.	1/25	Deposit—Savings	200.00
21.	311 1/25	To: Camper's Delight For: Back Pack	98.50
22.	312 1/25	To: Light The Night For: Lantern	24.00
23.	313 1/25	To: Army Surplus For: Mess Kit	25.00
24.	314 1/25	To: Cash	50.00
25.	315 1/25	To: Sounds Galore For: Tapes	63.00
26.	1/25	Deposit—Loan	120.00
27.	316 1/25	To: Rent-A-Tent For: Tent	125.00
28.	317 1/26	To: Cash	25.00
29.	318 1/28	To: The Grocer For: Groceries	55.30
30.	319 1/30	To: Energy Source For: Batteries	9.50
31.	2/1	Deposit—Tutoring	100.00
32.	320 2/1	To: County Vehicles For: Registration	5.00
33.	321 2/1	To: Biking News For: Magazine	18.28
34.	322 2/3	To: Ozarka For: Water	4.50
35.	323 2/4	To: Familiar Pharmacy For: First Aid	7.55
36.	324 2/5	To: Emergency For: Clinic	15.00
37.	325 2/5	To: Familiar Pharmacy For: Medicine	9.11
38.	326 2/6	To: Sticks and Stones For: Crutches	95.00
39.	327 2/6	To: Forever Photo For: Album	11.71

40. You have received a check from your part-time job. Your boss used your full name, including your middle initial. You are at the bank. Show how you would endorse the check.
41. You have received a check from your part-time job. Your boss used your full name, including your middle initial. This time you are going to mail the check to the bank. Show how you would endorse the check.
42. Your aunt mailed you a check. She used your nickname, "Rusty," instead of your real name. You are at the bank. Show how you would endorse the check.
43. Your father gave you a check. He used your first initial and last name only. You want to give the check to your friend, Judy Bruns, to repay a loan she made you. Show how you would endorse the check.

44. Your friend Tracy has a checking account but says that she doesn't bother with the check register. She says that the bank keeps records of her deposits and expenditures. What do you say to convince Tracy to keep an accurate record of transactions in her check register?

MIXED REVIEW

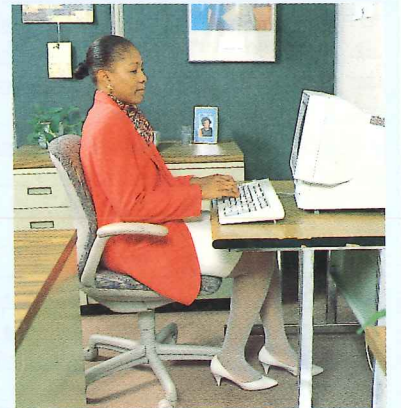
1. What is the rate for time-and-a-half based on an hourly rate of \$9.40?

2. Write an equation for total pay at x hours for regular time and y hours of overtime at \$9.40 an hour and time-and-a-half for overtime.

3. If Sharon works 45 hours at the rates given in Exercise 2, what will be her total pay if 40 hours are regular hours?

4. Lou gets paid \$16 an hour plus time-and-a-half for any hours over 40. What does he earn if he works for 49 hours?

5. Jack receives a base pay of \$240 a week and 9% commission on a sale of \$200. What are his earnings for the week?



6. Leslie receives 4.5% commission on her real estate sales. This month she sold two houses, one for \$113,000 and one for \$79,500. What was her commission this month?

7. Jeffrey sells real estate. This month he sold a house for \$225,000. The commission was 5% but he only received half of the commission because he had to split the commission with another agent. What was his commission?

8. Alfredo's weekly take-home pay is \$103 and his deductions are \$27. What percent of his gross pay is his take-home pay?

Northern Bank offers a checking account that pays interest of 0.3% per month for all accounts and charges \$0.08 per check for balances of less than \$500. Find the amount earned or charged for each of the following average balances for one month.

9. \$350 with 18 checks written

10. \$550 with 20 checks written