

THE CHALLENGE

Tyler checked his bank balance on Monday and saw \$450. He wrote a check for \$200 on Tuesday, used his debit card for \$85 on Wednesday, and deposited \$150 on Thursday. When his rent payment of \$400 was auto-debited on Friday, he was shocked to see an overdraft fee on his account. He thought he still had money available.

What mistake did Tyler make, and how could tracking his transactions have helped him avoid the \$35 overdraft fee?

Learning Objectives

- Use various banking tools such as ATMs, debit cards, checks, and online banking.
- Track and manage financial transactions accurately.
- Reconcile personal financial records with bank statements.

CORE CONCEPTS

Term	Definition
Check Register	A record used to track all transactions including checks, debit card purchases, deposits, and fees.
Overdraft Fee	A charge (typically \$25-\$35) when you spend more money than is available in your account.
Reconciliation	The process of comparing your personal records with your bank statement to identify errors or discrepancies.
Debit Card	A card linked directly to your checking account that allows purchases or cash withdrawals.
Pending Transaction	A transaction that has been authorized but not yet processed, which may not show in your available balance.

Background: Banking tools help you keep track of your money, make payments, and monitor spending. However, these tools only work well when you understand how to use them properly. Many people face unexpected overdraft fees because they rely solely on their bank's online balance without tracking pending

transactions. Learning to maintain accurate records is essential for avoiding costly mistakes and managing your finances effectively.

APPLY IT

PART A: CHECK REGISTER PRACTICE

Complete Tyler's check register to see where he went wrong. Start with his Monday balance of \$450.00.

Date	Description	Payment (-)	Deposit (+)	Balance
Mon	Starting Balance			\$450.00
Tue	Check #101 - Rent deposit	\$200.00		
Wed	Debit - Grocery store	\$85.00		
Thu	Deposit - Paycheck		\$150.00	
Fri	Auto-debit - Rent payment	\$400.00		
Fri	Overdraft Fee	\$35.00		

1. What was Tyler's balance BEFORE the rent auto-debit on Friday?

Balance: _____

2. How much was Tyler short when the \$400 rent payment processed?

Short by: _____

3. If Tyler had tracked his transactions, what could he have done differently?

Hint: Subtract payments from the balance and add deposits. The balance should always reflect your actual available money.

PART B: BANKING TOOL SELECTION

For each scenario, identify which banking tool would be most appropriate.

Scenario 1: Paying Rent

Maya needs to pay her landlord \$950 for rent. The landlord doesn't accept digital payments and wants a paper record.

Best tool: _____ (Check / Debit Card / Cash / Online Transfer)

Because: _____

Scenario 2: Quick Purchase

Jordan is buying lunch for \$12.50 at a restaurant that accepts cards.

Best tool: _____ (Check / Debit Card / Cash / Online Transfer)

Because: _____

Scenario 3: Splitting Costs

Alex owes a roommate \$75 for their share of the utility bill. They both have accounts at the same bank.

Best tool: _____ (Check / Debit Card / Cash / Online Transfer)

Because: _____

PART C: FEE AWARENESS

Fee Type	Typical Cost	How to Avoid
Overdraft Fee	\$35	
Out-of-Network ATM	\$3-\$5	
Monthly Maintenance	\$12	
Minimum Balance Fee	\$15	

4. Fill in the "How to Avoid" column above with one strategy for each fee type.

5. If someone paid all four fees once per month for a year, how much would they spend on fees?

Show your work:

Answer: \$_____ per year

CHECK YOUR UNDERSTANDING

1. What is the primary purpose of reconciling your accounts?

- ☐ A. To earn more interest
- ☐ B. To identify errors and unauthorized transactions
- ☐ C. To increase your credit score
- ☐ D. To qualify for loans

2. Why might your online banking balance differ from your actual available balance?

3. Calculation: Your checking account has \$525. You write a check for \$200, use your debit card for \$150, and deposit \$100. What is your new balance?

Show your work:

Answer: \$_____

4. Maya uses only her online balance to track spending and ignores pending transactions. What risk does this create?

5. Reflection: What system would you use to track your own transactions? Why would this system work for your lifestyle?
