

## Personal Accounting

If you have a checking account, of course you balance it periodically to account for any differences between what's in your statement and what you wrote down for checks and deposits. Many people do it once a month when their statement is mailed to them, but with the advent of online banking, you can do it daily if you're the sort whose banking tends to get away from them.

You balance your checkbook to note any charges in your checking account that you haven't recorded in your checkbook. Some of these can include ATM fees, overdraft fees, special transaction fees or low balance fees, if you're required to keep a minimum balance in your account. You also balance your checkbook to record any credits that you haven't noted previously. They might include automatic deposits, or refunds or other electronic deposits. Your checking account might be an interest-bearing account and you want to record any interest that it's earned.

You also need to discover if you've made any errors in your recordkeeping or if the bank has made any errors.

Another form of accounting that we all dread is the filing of annual federal income tax returns. Many people use a CPA to do their returns; others do it themselves. Most forms include the following items:

Income - any money you've earned from working or owning assets, unless there are specific exemptions from income tax.

Personal exemptions - this is a certain amount of income that is excused from tax.

Standard deduction - some personal expenditures or business expenses can be deducted from your income to reduce the taxable amount of income. These expenses include items such as interest paid on your home mortgage, charitable contributions and property taxes.

Taxable income - This is the balance of income that's subject to taxes after personal exemptions and deductions are factored in.