

How to Write a Check

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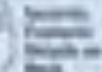
John Smith
123 My Street
Anywhere, IL 60606
Ph. 888-422-6122

1001

DATE _____

PAY
TO THE ORDER OF _____

\$

_____ DOLLARS 

Your Financial institution
123 Main Street
Chicago, IL 60066

FOR _____

MP

⑆ 23456789⑆ 000 222 22 100 1

What are Personal Checks?

Although they get used less and less, checks are still a popular way to pay. According to the Federal Reserve Board, about 18 billion checks were written annually as recently as 2012. Some of those were paychecks, insurance benefits, and payments for benefits like Social Security – but many were personal checks.

Personal checks pay from *personal* accounts – they *are not* linked to businesses, governments, or other organizations. A personal account is an account for an individual or several individuals (like a married couple, for example).

What are those numbers at the bottom?

**Your bank's contact information and/or logo
The Name, Address and Branch Number**

**Your bank's ABA routing number
(American Bankers Association)**

A special number assigned by the FED to your bank

Your account number at your bank

The check number being used

Date and Payee

Most of the time you'll use *today's* date. You can also postdate the check, but that doesn't always work the way you think it will.

On the line that says "Pay to the order of", you will write the payee's name. You may have to ask "Who do I make the check out to?" if you're not sure what to write in that line.

The person (or business) that you name on this line is the only one authorized to cash or deposit the check.

Payable to “CASH”

Writing a check payable to cash is a simple solution if you don't know who to make a check payable to.

It is generally a bad idea to make a check payable to "cash". While this may be convenient for you, it's also convenient for anybody who wants to steal your money. If you are not sure who to make a check payable to, just hold onto it and do not sign it until you have the payee's name.

If the check gets lost, whoever finds it can cash it or deposit it unless you stop payment on the check first. Likewise, the recipient can pass the check on to somebody else.

“Dollars and Cents”

Assume you need to write a check for eight dollars and fifteen cents (\$8.15). There are two steps:

- 1) Write the amount using numbers
- 2) Write the amount using words

You'll write the amount using *numbers* in the dollar box.

Start by writing the number of dollars (8) all the way on the left, then a decimal point or period (“.”), and then the number of cents (15). Ultimately, you'll have “8.15” in the dollar box.

Now, for writing out the check's amount *in words*, the tricky part of this is putting the number of cents into *fraction format* (the number of cents over 100). In other words, write the number of cents, then write a slash (“/”), and then write the number 100.

Your Signature

Sign your check legibly, and use the same signature that they have on file at the bank. In most cases, nobody will ever check your signature, but it is a good practice to be consistent. Never just “scribble” something, sign in full!

If you want to write a large check, it is helpful for the bank to see your signature on all of the checks you've written previously. Likewise, it is a little easier to prove that your account was used fraudulently if a thief's signature looks completely different from your normal signature.

The “Memo” section

This is a nice place to write a reminder about when and why you made this payment. For example, you might not remember why you wrote a check to "Jones & Co." unless you add a memo ("Car repair," for example).

In addition, your service providers might ask that you provide information in the memo field. For example, they may ask that you include your account number or identification details (such as a driver's license number or phone number).

Extra Caution

To be extra careful, you can also draw a line through any excess space in the small box with your payment amount.

After you wrote out the amount of your payment (using words instead of numbers), you drew a line through any excess space. You can use the same technique after you write your payment amount in numeric form.

A creative person can turn your decimal point into a comma and add an extra zero to your payment amount. Drawing a line through any excess space helps prevent this, as does writing the amount out in letters.

A SUPER TRICK AGAINST FRAUD

Another trick is to use **ALL CAPITAL LETTERS**. **CAPS** are harder to alter.

When you write dollar amounts (and even the recipient's name) you should use capital letters. **CAPS** are harder to alter than lowercase letters.

It sounds silly but: When you write a check, use ink. If you write a check in pencil, somebody can erase and/or change what you've written. Think of all the creative things a scammer can do with a blank check!

Use the Check Register

Keep track of the checks you write (and your account balance) in your check register.

Make a record of every check you write so you can:

Track your spending so you do not bounce checks

Know where your money goes (your bank statement may only show a check number -- but no description of who you wrote the check to)

Detect fraud and identity theft in your checking account

You should have received a check register when you got your checkbook.

What to write in the Check Register

- 1. Check number**
- 2. Date that you wrote the check**
- 3. A description of the transaction or who you wrote the check to**
- 4. How much the payment was for**

You can also use your register to balance your checking account. This is the practice of double-checking every transaction in your bank account. You'll know if there are mistakes in your account, and if anybody has failed to deposit a check you wrote them (and therefore making it look like you have more money to spend).

Cashing Personal Checks

Because they are riskier than government-issued checks, personal checks can be difficult to cash. The best way to cash one is to go to the bank where the check writer has an account. That bank can see whether or not funds are available and update the account immediately.

You can also try cashing personal checks at *your* bank, but do not be surprised if you can only get \$200 or so. If your bank does give you more, it's not because they know the check is good – they are just being optimistic, but you will have to repay the bank if the check bounces.

Besides banks and credit unions, there are very few places that cash personal checks. Some retailers and check cashing outfits might cash small checks. (Kmart will only cash personal checks up to \$500).

Large Transactions

For some transactions – especially large transactions like home purchases – a more trustworthy form of payment is required. Sellers want more assurance that they'll get paid, so they might require bank wires, cashier's checks, or money orders (but even those can be used fraudulently).

The moral of the story about writing checks is:

Better to be safe than sorry (and flat broke!)