

Financial Literacy 101: Earn and Save



New Mexico
State Treasurer's Office
The Honorable Tim Eichenberg
State Treasurer
Samuel K. Collins, Jr.
Deputy State Treasurer

Why You Still Need Paper Checks

Several ways checks can be more convenient, save you money, or protect your finances:

- \$ **Some Businesses Charge Extra Fees for Credit Card Payments.** Utility companies and government agencies may charge a fee if you use a credit or debit card to make a payment.
- \$ **You Can Pay During Utility Outages.** If the power or phone systems are down in your area, checks and cash are likely to be the only way you'll be able to make a purchase to buy food and other necessary supplies.
- \$ **Some Businesses Prefer Paper Checks or Money Orders.** Some businesses don't accept credit or debit card payments.
- \$ **Some Retail Shops Enforce a Minimum Credit Card Purchase.** Credit card processors and banks charge businesses a fee when customers pay with a credit card.
- \$ **Checks are Traceable.** If traceability is important to you once your check clears, you'll have access to a copy of the canceled check through your bank.
- \$ **Gift Giving.** Gift recipients can deposit your check into their bank accounts and spend the cash however they like—unlike gift cards, which may be restricted to a merchant.
- \$ **Checks Are Less Costly Than Money Orders.** Banks may charge \$5 for a money order. Even postal money orders cost more than \$1 dollar each.

Protecting Yourself When Using Paper Checks

When using paper checks, guard against financial and identity theft. Here are some tips:

- \$ **Guard Your Checks.** Keep your paper checks in a safe place at home.
- \$ **Record Your Check Use.** Record every check you write in your checkbook register.
- \$ **Only Use Checks When Necessary.** An employee or thief may get hold of your check and use it to steal your identity or money.
- \$ **Securely Mail Your Checks.** Place the check in a security envelope and never leave checks in an unlocked mailbox or an "outgoing mail" basket. Use a postal mailbox or take it directly to the Post Office.
- \$ **Be Cautious About What You Print or Write on Your Checks.** Your check should contain your name, address, and nothing more. Only write your phone number or driver's license number on your check if a merchant requests the information. More information makes it easier for identity thieves.
- \$ **Protect Checking Account Information.** Be careful about giving out checking account information. If you aren't well-acquainted with a business—particularly if it operates primarily online—be wary about making payments through electronic checking account debit.
- \$ **Check Your Account Transactions Daily.** Your bank balance isn't enough; check your transactions daily. If you don't recognize a transaction, contact your bank.
- \$ **Don't Write a Check if You Don't Have the Funds.** You may have bounced check fees, and writing a bad check is illegal in many states.

Activity: Fill Out a Check

Fill out a check payable to Family Shoe Store for \$36.87.

1936

DATE

PAY TO THE ORDER OF

\$

DOLLARS

FOR

⑆000000186⑆ 000000529⑆ 1936

Activity: Balance Your Checkbook

| Check Register | | | | | | | |
|----------------|-----------------------|----------------------------|-------------------|---------|----------------------|-----------------------|------------|
| DATE | CODE/ CHECK NO. | TRANSACTION DESCRIPTION | CATEGORY/ MEMO | (-) FEE | (-) PAYMENT DEBIT | (+) DEPOSIT CREDIT | BALANCE |
| 1/1/2015 | | Starting Balance | | | | | \$500.00 |
| 1/1/2015 | 1934 | XYZ Electric Company | Utilities | | \$78.74 | | \$421.26 |
| 1/2/2015 | DD | ABC Employer | Wages & Tips | | | \$1,355.63 | \$1,776.89 |
| 1/3/2015 | 1935 | 123 Grocery | Groceries | | \$175.22 | | \$1,601.67 |
| 1/4/2015 | Debit | Sunshine Movies | Movie Tickets | | \$29.95 | | \$1,571.72 |
| 1/4/2015 | 1936 | Family Shoe Store | | | \$36.87 | | |
| 1/5/2015 | ATM | Cash Withdrawal | Cash | \$1.50 | \$100.00 | | |
| 1/6/2015 | 1937 | Eclipse Hair Salon | | | \$28.75 | | |
| | | | | | | | |
| | | | | | | | |

| Bank Statement | | | | | |
|----------------|----------------------------------|--------|-------------|------------|------------|
| DATE | DESCRIPTION | FEE | WITHDRAWALS | DEPOSITS | BALANCE |
| 1/1/2015 | Previous Balance | | | | \$500.00 |
| 1/1/2015 | Check 1934: XYZ Electric Company | | \$78.74 | | \$421.26 |
| 1/2/2015 | Payroll Deposit | | | \$1,355.63 | \$1,776.89 |
| 1/3/2015 | Pre-Auth. Payment—Insurance | | \$110.49 | | \$1,666.40 |
| 1/3/2015 | Check 1935: 123 Grocery | | \$175.22 | | \$1,491.18 |
| 1/4/2015 | Debit: Sunshine Movies | | \$29.95 | | \$1,461.23 |
| 1/4/2015 | Check 1936: Family Shoe Store | | \$36.87 | | \$1,424.36 |
| 1/5/2015 | Cash Withdrawal | \$1.50 | \$100.00 | | \$1,322.86 |
| 1/6/2015 | Check 1937: Eclipse Hair Salon | | \$28.75 | | \$1,294.11 |
| 1/7/2015 | Interest Income | | | \$0.02 | \$1,294.13 |