

# MONEY MOMENT: ACCOUNT RECONCILIATION

Balancing your bank account statements helps you to determine the true amount of funds in your account. Ending statement balances often do not reflect the true account balance because of outstanding deposits or withdrawals.

## Steps to Reconciling a Bank Statement:

- 1) Find the account statement ending balance.
- 2) Add up outstanding deposits (transactions that have not yet posted to the account, but were deposited) and add to the ending account balance.
- 3) Add up outstanding withdrawals (transactions that have not yet cleared the account, but purchases were made) and subtract this from the total of (Bullet point 1 & 2).
- 4) This calculation will provide the current account balance.

## Example:

Ending Bank Balance	\$ 1,515.25
Outstanding Deposits	(+) \$ 225.25
	\$ 55.25
Outstanding Withdrawals	(-) \$ 301.00
	\$ 22.25
	<u>\$ 12.00</u>
Ending Account Balance	\$ 1,460.50



## Top Reasons for Opening and Reconciling Account Statements:

- 1) Prevent fraud by knowing when your account statements will arrive in the mail or your email.
- 2) Receive important account notices including overdraft notices and late fees.
- 3) Receive updates and important financial information from your financial institution.
- 4) Obtain a current account balance through reconciliation.
- 5) Reminder to record the fees, service charges, and monthly automatic withdrawals to your account.
- 6) Ability to review the account to ensure there are not any fraudulent charges.
- 7) Ability to check transactions for accuracy on your part and the financial institution.