

4 Steps to Avoid Writing Bad Checks

Some people take more time selecting the color and design of their checks than learning a few simple rules to successfully manage their checking account. Remember – that checkbook in your purse or pocket is more than a convenient way to pay for your purchases. It represents a contractual relationship between you and your bank. Your bank is responsible for holding your money where it's safe while you are responsible for not writing checks that exceed the amount of money you have in your account.

That's why one of your main responsibilities is to avoid writing bad checks, commonly known as "rubber checks" because they bounce!

What happens when you write a bad check. Do you know what happens when you write a check that exceeds the amount of money in your checking account? First off, the check will be rejected when it comes to your bank for payment. Next, the check will be returned to the person (or business) who deposited it, and you will be charged for writing a check with insufficient funds to cover it. But wait – there's more! The business that took your bounced check will charge you a returned check fee, and they can also legally charge you for up to three times the amount of your check! As if that weren't bad enough, you could be hauled into court. And as you know from watching the news, people who write too many bad checks can even end up in prison.

Get the picture?

1. Never Write a Check Before Making a Deposit to Cover It

Many bill payers are in the bad habit of writing big checks a couple of days before payday, counting on a few days of check processing delays to give them time to make a deposit to cover the amounts. To avoid accidentally writing a bad check, *never* write a check before you make a deposit to cover it. Years ago you could write a check in advance of a deposit because it took a day or two for your check to clear (float time). Those days are long gone.

Thanks to Check 21, or the Check Clearing for the 21st Century Act, banks are allowed to transmit electronic images of checks rather than paper checks. "Your checks will clear faster, so you'd better make sure you have money in your account before you write that check," warns Gail Hillebrand, senior attorney at the nonprofit Consumers Union in San Francisco.

2. Sign Up for Overdraft Protection

If your bank or financial institutions offers overdraft protection, get it. Though a fee is usually charged for this service, the amount is usually quite reasonable.

3. Sign Up for Online Account Access

If your bank offers Internet access to your checking account, you'll want to take advantage of this service. Not only is it usually free, it's a convenient way to keep a watchful eye on your transactions. You'll be able to accomplish many things without having to drive to your bank. For instance, you can receive and pay bills, transfer funds, place a stop payment on a check, and more.

4. Use Your Check Register Wisely

Some people inadvertently write bad checks because they fail to keep track of their deposits, the checks they write, their ATM withdrawals and any fees they are charged. That's why it's absolutely essential that you record all of the following information in your check register:

- Check number, so you'll know if a check is missing
- Date of the check or the deposit
- Recipient of the check
- Purpose of the check
- And, of course, the dollar amount of the check

In closing, remember that writing bad checks can get you into serious trouble, both financially and with the law.