FREE PRACTICE | LIFEREADY

Bank Reconciliation Practice

A reconciliation compares two records for the same date. Some transactions are known to you but have not posted at the bank. Other items, such as fees, may appear at the bank before you record them. Do not count a transaction twice. Keep pending holds and actual available funds in mind before spending.

Worked example: fictional Harbor Bank

Statement balance: $420. A $75 deposit is not yet on the statement and a $30 payment has not cleared. Adjusted bank balance = $420 + $75 - $30 = $465. Your register says $470 but omits a $5 fee. Adjusted register = $470 - $5 = $465. The records now agree.

New practice statement	Amount
Ending statement balance	$610
Deposit not yet shown	$90
Payment not yet cleared	$45
Your register before correction	$663
Fee shown only on statement	$8

Reconcile and explain

1. Calculate the adjusted bank balance and corrected register. Do they match?

2. Why could spending every dollar of the unadjusted $610 statement balance be risky? Name a record you should check.

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BANK RECONCILIATION PRACTICE

Check, explain, and apply

Answer key

Adjusted bank = $610 + $90 - $45 = $655. Corrected register = $663 - $8 = $655. The balances agree. Matching a past statement does not prove every dollar is currently available: later purchases, pending holds, or deposits not yet available may change that.

Know what is insured

FDIC insurance generally covers eligible deposits up to $250,000 per depositor, per insured bank, per ownership category. NCUA share insurance protects eligible shares at federally insured credit unions, with limits and ownership requirements; the standard single-ownership limit is $250,000 per member-owner at one insured credit union.

Same-category accounts at one institution are combined. Branches do not create new coverage. Stocks, mutual funds, bonds, and crypto are not insured deposits. Deposit insurance addresses institution failure, not every scam or investment loss. Confirm an institution's insured status and applicable coverage.

Apply

1. Two single-owner savings accounts at the same insured bank hold $150,000 each. Does opening the second account automatically insure the entire $300,000? Explain.

No: the same category combines to $300,000; the standard limit in this simple example is $250,000. Sources: fdic.gov/resources/deposit-insurance/faq ; ncua.gov/consumers/share-insurance-coverage/frequently-asked-questions-about-share-insurance .

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