

FLY WITH THE WIND!

Engaging Inuit Youth in the Canadian Economy

Using Cheques

Cheques are another way you can pay for things. They are basically a promise to pay someone (the payee) a certain amount on a certain date from your (the payor) chequing account. As you can see from the example below, a typical cheque has the following information on it.

1 **NAME OF YOUR COMPANY**
Address of your company

168 **6**

4 **Date**

Pay to the Order of **2** \$ **5**

3 Dollars  Security Features Details on Back.

7 **BANK NAME**
Bank address

For **8**

9 

10

1. Your name and full mailing address.
2. A line where you write in who the cheque is for.
3. A line where you write in the amount in words. If the cheque is for \$105.75, on this line you would write "One hundred and five dollars". Indicate the number of cents (75), like this: 75/100.
4. A space to write the date.
5. A space for the dollar amount in numbers.
6. The cheque number.
7. The name and address of the bank you have the account with.
8. A memo line where you can write what the cheque is for, for example your rent or cell phone bill.
9. All those numbers at the bottom of the cheque identify the bank, the bank branch where your account is located and your chequing account number.
10. Finally, a line on the bottom right for your signature. Without this, the cheque is no good.

How to Get Cheques

To use cheques, you need to open a chequing account at your bank. Sometimes you can have one account that acts as both a savings and a chequing account. But, if this is your first time using a chequing account, it might be easier just to open a separate chequing account. For further information on how to open a bank account, please see the other information provided in this toolkit or on the IWBN website.

When you open up an account, the bank will likely give you some temporary cheques. These are fine to use immediately, but they won't have all your information on them, like your address or name, until they get printed by the bank. You will get your new printed cheques in about two to three weeks.

When you find yourself with only a few cheques left, let the bank know and ask for more cheques to be sent. Remember, this may take a few weeks, so make sure you have enough cheques to last through the period from when you notify the bank until when you expect to receive more.



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Writing a Cheque

It may seem easy to write a cheque once you have done it a few times. But, there are a couple of things that can be a little tricky and useful to know.

1. Cheques rely on clear information that is written on them. Try to make the information you write on the cheque as clear as you can.
2. The format for writing dates on cheques can change with different banks. For example, sometimes the year is put first, sometimes it is last. Make sure you are putting the right date on the cheque. If you make a small mistake, cross it out once and put your initials beside the correction. This lets the bank know it was you who made the correction.
3. If you make a big mistake on the cheque, don't try and correct it. Just use a new one and rip up the old one. Banks don't like confusion.
4. Keep track of your cheques — the dates, amounts, who they are made out to and what they are for. There should be a booklet or a "transaction register" that comes with your cheques and lets you keep track of this information.
5. By writing a cheque, you are agreeing to give someone money, so make sure the money is in your account when you write the cheque.
6. It can take four or five business days for a cheque to "clear" and the money finally leave your account.

"Bouncing" a Cheque

If you don't have enough money in your chequing account to cover a cheque you wrote, the cheque will "bounce." You will likely have an unhappy payee and your bank will charge you a penalty for not having enough funds in your account. You may also have to pay for the fees charged by the other person's bank. It is important to always keep track of the cheques you have written and make sure your account has enough money in it.

Post-dated Cheques

You can write a cheque and give it to someone before the date it can be cashed. If you want to make sure your cheque isn't cashed before a specific day, you can write a date in the future on it.

This is called a post-dated cheque, or a cheque written for the future. Some landlords, for example, like to have postdated cheques so they don't have to worry about getting cheques on time for rent every month. The post-dated cheques can only be deposited on or after the date that is written on the cheque. This means you don't have to worry that all the cheques you write in advance of when the payment is due will get deposited on the same day. If you do post-date a cheque, try to make sure the payee (recipient) knows that the cheque can't be deposited until a later date.

Stop Payment

If you write a cheque and send it to someone, but then change your mind, you can ask your bank for a "stop payment." This means that if the cheque hasn't been deposited yet, the bank will refuse to pay out the amount for the cheque. For example, you may realize that you were charged the wrong amount, or that you had already paid a bill. There is usually a charge for this and timing is very important. If you leave it a little too late, the bank may not have time to issue the "stop payment" order. If the cheque is cashed before the stop payment is in place, you will still be responsible for paying the money and you will have to deal directly with the payee to get your money back.



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