

How To Write A Check And What Are The Benefits Of Doing It

Even when we are transitioning to a paperless economy, checks are still an integral part of the financial environment. It offers a huge convenience over using other forms of payment like cash.

Can you imagine having to carry a wand of dollars to your friend at their wedding as a gift? Straight up absurd! Many people do know about checks. But quite a bunch do not know how to use them correctly.

Picture 1 of How To Write A Check And What Are The Benefits Of Doing It

Benefits Of Writing Check

Record Keeping

After making a payment with a check, keep a record of the check number, the assignee's details, and its purpose for reference purposes. Also, you can write a duplicate check to stand as a record for the sent check.

Secure

A more secure way of making payments than carrying cash around is by paying using a check. A check packed in an opaque envelope is much more discreet than sending physical money. It can be sent by mail and is less attractive to thieves-looks like a typical letter.

Convenient

You can settle your bills using a check and send them to respective providers irrespective of the distance. Some businesses will allow you to write them a postdated check as a means of payment. You can find information on how to endorse a check here. You commit yourself to make the payment by the specified date on the postdated check. If you are not the only signatory of the check, you will need the other person to confirm that they authorize the transaction.

Easy to draft

Writing a check is simple and does not require many details like a money order. Therefore, a check is a preference over other types of payments you may use.

Who Can Write A Check?

A check will be to settle debts, make purchases, or transfer monies. That said, anyone with a bank account and is issued a valid banker's check is eligible to write one.

When Should You Write A Check?

Check writing is a norm in many households and businesses today. Some of the instances requiring you to write one include:

Paying Bills

You can pay all utilities by simply writing a check to the provider instead of making a cash deposit to their account. You can send it back as soon as you receive the billing letter.

Making Purchases

If you are running a business, most of your suppliers' payments are periodical. It becomes very convenient to cut them a check to settle the purchases made. Alternatively, you can give your suppliers a check as a commitment to settle the balance if the amount is not available at the time of making the purchase.

Money Transfer Alternative

Once in a while, you may need to transfer money to another account. All you need to do is specify the transfer amount and write the receiver's name. The receiver will bank the check to initiate a transfer.

Payment Of Tax

Paying taxes to the Internal Revenue Service (IRS) requires you to write a check to them. You write the amount owed and specify the receiver as IRS. This method allows the IRS to receive your tax payments without the scuffle of money transfers and physical payments in their offices.

Steps Involved In Writing Checks

The process of writing a check is similar to almost all banks. However, it would be best to confirm the process with your bank. Below are steps to follow when writing a banker's check.

Date The Check

When did you write the check? It is useful data for documentation purposes.

Specify The Receiver

Write the name of the receiving organization or individual. Make sure to spell their name correctly. If you don't know their name, you can write cash on the payable to space. However, this is risky as anyone can bank the check.

The Amount Payable In Numbers

The amount should be visible to allow the bank to subtract the correct amount from your account.

Amount Payable In Words

Amount written in words should match the amount in numbers. Write cents over one hundred, i.e., 00/100, to offer the bank clarity on the amount to pay.

Memo

An optional fill out for the payment; essential for record-keeping.

Sign The Check

Sign to authorize the payment using the same signature used when opening the bank account. It shows the bank that you have agreed to make the payment.

Picture 2 of How To Write A Check And What Are The Benefits Of Doing It

In summary, it is important to know how to write a check, the process to follow, and the benefits associated with writing a check. The above tips will guide you to make your payment faster and easy.

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