

Reconcile an account



Are you looking for instructions?

This topic is about the concept of reconciliation. For instructions on using the interface, go to [Using reconcile](#) or [Using auto-reconcile](#).

What does it mean to reconcile an account?

The two purposes of reconciling your account register are:

- To make sure your Quicken balance is correct.
- To find and fix transaction errors.
- Spot fraudulent charges or bank errors.

The two goals are related. If you have the same transactions as the bank then your balance, which is the sum of all your transactions, will be the same as the bank's balance. Your bank calculates the account balance as the sum of all your transactions.

Unfortunately, even in the best cases, your transactions, and therefore your balance, may not be the same as the bank because of outstanding transactions that are in your register but not yet at the bank. That is why we talk about reconciling rather than matching or equaling.

Listed below are various reasons why you and the bank might not have the same transactions. Some of these are a normal part of using a bank account, while others represent mistakes made by you, Quicken, or your bank.

Normal

You have outstanding transactions such as checks that haven't been cashed, or deposits that have been mailed or scheduled but haven't yet been processed at the bank.

The bank lists transactions for service charges or earned interest that you haven't entered into your register.

You don't have all of the transactions that the bank has, because you chose not to enter transactions before a certain date, e.g., the date you started to use Quicken. A similar issue can occur when the bank limits the time span you can download transactions for, such as a ninety-day limit.

Mistakes

You are missing a transaction that the bank lists because you forgot to enter the transaction in your register.

You have a transaction that the bank doesn't list because you voided a check or didn't send a deposit but had never deleted the transaction from the register.

You have two transactions when there should have been one because something prevented the software from matching the transaction. This is often the result of the common mistake of entering the wrong amount in your register.

You have missing or corrupted transactions, because of problems importing data into Quicken.

You are missing transactions or are not matching transactions, because the bank made an error.

Downloading and reconciling

Some of the mistakes listed above will not occur if you download your transactions from your bank. In fact, if you download transactions and never hand-enter a transaction, then the only mistake that can be made is one by the bank. You may trust your bank enough that you feel no need to reconcile your accounts.

The reconcile process

Let's start with a new account as an example.

After a month, the bank sends a statement that shows an ending balance of \$3,500 which is the total of all transactions in that month.

We'll compare the transactions that appear in the paper statement against the transactions that appear in Quicken and if they appear in both, we mark them **Cleared (Clr)**.

If we are missing a transaction that is listed on the statement, we must add it and then clear it.

If the amount of a transaction is different from the amount listed on the statement, the amount must be corrected.

Notice that we only mark transactions as **Cleared** if they appear in the paper statement. If they don't appear, it means the transaction posted after the bank created the statement.

We finish the reconcile process by clicking **Done**. Quicken will mark all the **Cleared** transactions as **Reconciled**. Marking a transaction as reconciled means that the transaction has been reviewed and was part of a previous reconcile session in which your Quicken balance was made to match your bank balance. Only un-reconciled transactions will appear in future reconcile sessions.

The next month, the bank sends the next statement. Suppose it shows transactions that total -\$300. The balance they show has been computed with all the transactions that the bank has, which includes the \$3,500 from the month before. Hence the balance on the new statement is \$3,200.

We go through our reconcile process again, but we use all the transactions marked as reconciled as our registry total, which we know is \$3,500.

We select (clear) the transactions listed on the statement. They should total -\$300. When added to the reconciled total, we achieve \$3,200. Upon completing the reconciliation, the cleared transactions are marked as reconciled.

Opening balance adjustment

The above scenario describes reconciling for every month after we open the account at the bank. Now let's look at the case where we opened the account a long time before we started using Quicken. We might choose not to enter all the transactions older than a certain date. How will our transactions ever add up to the same as the bank if we don't have those older transactions? The answer is that we insert an adjustment transaction. This adjustment transaction has an amount that, when included in the total, will add up to the bank's total. It will be marked as reconciled at the end of the reconciliation. By doing this we have reconciled transactions that add up to the bank's balance.

Errors and adjustments

Sometimes when you're reconciling, finding and fixing mistakes like those listed above may be more work than you feel it's worth. For example, let's say that you're working with an account whose balance is \$10,000 and you find that you are off \$1.28. Will you spend what might be a long period of time to account for \$1.28? If the transactions that are reconciled or cleared don't add up to the bank's balance, Quicken can insert an adjustment transaction with an amount such that, when added to the total, equals the bank's balance. This adjustment will be marked as reconciled at the end of the reconciliation and, again, we have reconciled transactions that add up to the bank's balance.

Bank errors

The reconciliation process may uncover errors that the bank has made as well as your errors. Let's look at an example:

- You create a transaction for \$34.00 and enter it into your registry.
- The bank scanner incorrectly sees this check as \$84.00.
- When you reconcile:
 - You may have two checks. One for \$34 and one for \$84.
 - If you clear your \$34 transaction, the total that Quicken is adding won't add up to the bank balance. This tells you that there is a problem.
 - If you clear the \$84 transaction, the total will add to the bank balance but you will end up with a \$34 transaction that is in an un-cleared state. Eventually, either during this reconciliation or a future one, you are likely to notice that this transaction never cleared.

There are two approaches that you can take if you find a bank error.

- You can do what the bank does when they are notified of an error: change the transaction to match the bank and expect to make another transaction to match the bank's future, correcting adjustment.
- You can insist on leaving your original register transaction, knowing that the bank's adjustment will net out to the same amount.

But notice that from a reconciliation perspective, the second approach, although it more accurately records what you did, will need to insert adjustments in your register.



More information about the reconcile process

- [How to use reconcile](#)
- [Information about why, when, and how to edit the starting balance for your account.](#)
- [How to troubleshoot issues with reconcile](#)
- [About using auto-reconcile instead of going through the process manually.](#)
- [How to use your Reconciliation History to fix a previous reconciliation](#)