

## Money Zone: Getting Organized Just for You - Organizing Your Family's Records

Got records? Most people do. But can you find last month's bank statement? A copy of your will? The manual for your VCR?

If your answer was something unprintable, you might need to get a bit more organized. This is an excellent time to set up a financial record-keeping system for your family. So, let's break out the trash bags, face down the piles of paper on the kitchen counter, and get started!

### Step 1. Set up an office

First, set up a small "office" to pay bills and keep records. This can be as elaborate as an entire room or as simple as a small filing cabinet in a corner of your kitchen or bedroom. If you don't have enough space for a filing cabinet, buy accordion folders, plastic files, or sturdy cardboard boxes. Make them cheerful and colorful, not dreary, and perhaps you'll enjoy the job a bit more.

Whatever you decide, choose a permanent place to take care of business. The kitchen table just doesn't cut it—it's too easy to misplace something important, or to neglect to pay a bill because it takes too much time to get everything together and put everything away.

### Step 2. Discard what you don't need

Most people dread organizing their records because they keep far more information than necessary. Papers are only needed to remind you of the details of a transaction, for legal reasons, or for IRS reporting purposes. Keep it simple. You don't need cancelled checks from 15 years ago, but you do need a list of your current bank accounts. Think: Why do I need this? When would I use it? Where will I look for it?

For tax purposes, keep papers that substantiate your income and expenses for at least three years in case of audit. If you failed to report more than 25 percent of your gross income, the IRS has six years to collect the tax or to start legal proceedings. And if you forgot to file, there are no time limitations.

But you don't have to keep everything. You can lighten your load by discarding certain statements once they have served their purpose. For example, throw away weekly or monthly salary statements after you check them against your annual W-2 Form. You can also discard any non-tax-related items if you no longer have a need for them.

### Step 3. Keep your tax records in one place

One simple tax record-keeping system starts with a big mailing envelope. Label it "200\_" and fill it with all of your deductible receipts, bills, cancelled checks, tax statements and related information. At the end of the year you can categorize things, but just toss them in for now. When you are ready to refer to it at tax time, everything will be in one place. If your situation becomes more complicated, you can branch out into (gasp!) files, or simply break your records down into more specialized envelopes.



## **Step 4. Organize your files**

Of course, you also need to keep certain information for your own current use. Keep these in your working files in your “office”. Set up a category for each of the following, or use this list as the basis for your own system.

- Unpaid bills
- Paid bill receipts
- Current bank account, loan, and investment statements
- Current cancelled checks
- Credit card information
- Employment records
- Health benefit information
- Insurance policies
- Family health records
- Manuals and warranties, and receipts for items under warranty
- Inventory of safe deposit box (and key)

## **Step 5. Safeguard your permanent records**

Permanent records that are difficult to replace should always be kept in a safe deposit box. If there is a fire, burglary, or other disaster in your home, you will still have the basics you need to reestablish your financial life. When in doubt, keep an extra copy in your safe deposit box. It can't hurt—and it may make a huge difference in an emergency. Here's a list to get you started:

- Birth certificates for every member of the family
- Adoption papers
- Citizenship papers for every member of the family
- Marriage certificates
- Divorce decrees
- Veteran's papers
- Wills (keep one copy in the safe deposit box and one copy at home for easy access)
- Death certificates
- Deeds for real estate
- Mortgage papers
- Important contracts, such as leases and notes
- Special papers, such as patents and copyrights
- Automobile titles
- Household inventory
- List of your current accounts, with addresses and account numbers
- Stock and bond certificates (including government bonds)
- Anything that is government or court-recorded