



## Managing Your Household Records

When was the last time you couldn't find an important document, receipt, or statement that you know you have but just can't remember where you put it? These days, running a home, whether there is one occupant or ten, is getting more and more like running a small business; it needs to be operated efficiently. And that means keeping your household records organized. Organized records can mean the difference in financial gain or loss, not to mention the time and frustration you will save by knowing right where to look to find what you need when you need it.

If something should happen to you, good record keeping allows your loved ones to easily find powers of attorney, insurance policies, medical records, and outstanding bills. If you

experience a disaster like a fire, flood, or theft, good record keeping lets you find essential documents without delay. Even on an everyday basis, good record keeping makes it easier to pay your bills on time and find receipts for returns and exchanges. At Family Financial Education Foundation, it is very important that we practice good record keeping. After all, you are depending on us to help you improve your financial future. The same is true at home. Are your records at home in good order? If not, now is a good time to get them organized. In this newsletter, you'll find information and tips for what records to store, where to store them, and how long you need to keep them. If you have questions, feel free to talk to your Family Financial Education Foundation counselor for suggestions. ■

### Helpful Tip for Tax Records

The Internal Revenue Service recommends keeping records for three years. However, tax records are often useful in divorce proceedings and other situations in which your financial history is relevant. After tax returns have been prepared, store them with any document that's needed to show proof of the deductions you took.

The Internal Revenue Service has 3 years in which to audit Federal income tax returns. However, this limit does not apply in unusual cases. If you failed to report more than 25 percent of your gross income, the Government has 6 years to collect the tax or to start legal proceedings. Also, there are no time limitations if you filed a fraudulent return or if you failed to file a return. If you're worried, play it safe and keep your returns.

You don't have to keep everything for tax purposes. For example, you can throw away weekly or monthly pay stubs after you check them against your annual W-2 Form. Do save cancelled checks that relate directly to an entry on your tax return, and keep all medical bills for 3 years to back up your cancelled checks. ■

### Develop a System That Works for You

Some good guidelines are provided here. They are a great place to start and can be modified as you get more experienced. Your home will require its own unique record-keeping system, depending on the type of information you need to have available.

#### Before you get started, ask yourself a few questions:

1. Who in your household will need to be able to understand your record-keeping system?
2. Do you have a list of people who are important contacts, such as attorneys, bankers, insurance representatives, employers, creditors, debtors, and your Family Financial Education Foundation counselor?
3. Do you know where the titles to your property, cars, and other possessions are?
4. What happens if your home is burglarized or a disaster such as a fire destroys your records? Which can be replaced, and how do you do that? Which ones cannot be replaced, and what do you do about those?
5. When income tax time rolls around, do you have easy access to all the records you need to calculate the most accurate tax statement?

#### Getting Started

The first step to organizing your records is determining what you already have and what is missing. That probably means you'll have to spend some time going through your residence so you can gather all your documents in one place. A perfect place to gather everything would be your home office, if you're lucky

enough to have one, but it can be anywhere you know your important papers can accumulate undisturbed until you're ready to file them—a corner of the kitchen, bedroom, or hall will work just fine. Put a large box or basket there for now to put your papers in so they don't get scattered again. This box will disappear once you have your filing system organized. We'll call this spot Home Base.

**Step 1:** Gather your papers. Go through all your drawers, bins, bags, shoeboxes, anywhere you might have stashed papers and receipts away because you knew you might need them one day. Bring all these papers to Home Base. Don't worry about deciding yet what to throw away or what to keep, or even organizing them into groups. This will come later. It's better to focus first just on finding everything so you don't start feeling overwhelmed by trying to do too much at once.

**Step 2:** Once you've gathered all your papers, the next thing to do is decide on a place to store them permanently—you'll actually need three places. Two of these places will be in your residence and the third will be located away from your home.

- The first can be relatively simple; a filing cabinet (two-drawer cabinet will probably do fine), a file box (cardboard file boxes can be found at any office supply store), or even just an empty cardboard box of an appropriate size. This will be your new Home Base. If you don't have space for a box, accordion folders work as well and are also available at an office supply store or many discount stores. A plastic storage box that slides under your bed is

a good option, too, especially if you don't have a lot of space.

- The second needs to be a fire-proof container you can keep at home.
- The third is a safe-deposit box kept somewhere away from home, usually at your banking institution.

**Step 3:** Now it's time to divide your papers up and get your filing system organized. Even though we all know that it's important to keep household papers and financial records, it's sometimes difficult to know which ones to keep and for how long. Keeping records longer than needed just leads to lots of clutter and an inefficient filing system that can keep you from locating an important document when you really need it. On the other hand, throwing household records away too early can cause problems, too. While you are determining the best way to organize your papers, remember that a good filing system should make it easy to identify, find, and store records.

As a way to start dividing your papers, remember that your Home Base should hold basic records that you refer to often for everyday household management, including a detailed inventory list about where other records and documents are filed and stored.

The fire-proof container should hold copies of important papers to which you will only refer to periodically but that would be difficult to replace. You should keep a copy of everything that's in your safe-deposit box in your fire-proof container.

The safe-deposit box should hold originals of papers that would be difficult to replace or that need to be kept indefinitely. Your safe-deposit box will hold things like your car title, birth certificate, marriage certificate, and will.

*(Continued on page 3)*

*(Continued from page 3)*

## Home Base

As you go through each piece of paper, ask yourself two questions: What could happen if I don't keep this particular piece of paper? Will it cost me more to replace this piece of paper than to keep it? At least when you are first organizing your records, remember this: When in doubt, don't throw it out.

Hanging file folders for your file cabinet or manila file folders for boxes or accordion folders will help you refine your organizing system even more. Suggested folder headings to get you started are listed here. It is not intended to be a complete list, but a guideline that you can adapt to your needs. You may wish to consolidate some of the suggested items. For example, you may want a folder for "insurance" or you may want to file insurance papers under separate headings of "auto," "home," or "health." Appropriate headings of your own will become obvious as you divide your paperwork.

## Fire-proof container

Move important records from your Home Base that are over 3 years old and that you no longer use on a regular basis to your fire-proof container. You should also store anything that is proof of ownership, such as mortgages, deeds, purchase receipts, and canceled checks. It is also important to store copies of the following in this location:

- Birth Certificates
- Citizenship Papers
- Marriage Certificates
- Adoption Papers
- Divorce Decrees
- Wills
- Death Certificates
- Deeds
- Titles to Automobiles
- Household Inventory
- Veteran's Papers

*(Continued on page 4)*

## Suggested folder headings:

### Bank Records

- checking account statements
- savings account statements
- deposit receipts
- interest payments

### Cars/Vehicles

- titles
- maintenance
- repairs

### Correspondence

- Christmas card list
- birthdays
- business
- personal

### Credit Cards

- terms and conditions info.
- statements
- payment history

### Housing

- mortgage/rent payments
- improvements and repairs
- utilities

### Insurance

- auto
- life
- mortgage/renter's
- medical/dental
- disability

### Investments/401(k)

- 401(k) statements
- annuities
- stocks and bonds (location, shares, dates purchased)
- real estate

### Loans

- installment agreements
- statements
- payment history

### Organizations/Clubs

- dues
- membership terms and privileges

### Personal Records

- educational records
- health records
- marriage license
- military records
- birth certificates
- death records
- divorce papers

### Purchase Receipts

- home furnishings
- holiday gifts
- birthday gifts
- clothing/shoes

### Reference Material

- cleaning tips
- crafts or hobbies
- gardening
- maps
- travel
- fitness

### Taxes

- previous returns
- current year information
- W-2s
- receipts for deductible expenses

### Warranties

- oven, refrigerator
- air conditioner
- heating
- laundry
- small appliances
- personal care appliances
- outdoor - lawn mower, etc.
- recreation equipment
- camera
- TV, VCR, Stereo



### Using a Safe-Deposit Box

Safe-deposit boxes are generally available to rent at your bank or credit union, usually for a very reasonable rate. In many cases, banks will let you rent a box even if you're not a customer. Although safe-deposit boxes come in a variety of sizes, the smallest size is probably adequate for most paperwork. If you store documents from investment properties or securities, you may be able to claim the rental fee as a deduction for income tax purposes.

Remember that you should use your safe deposit box for "originals"; you'll still need copies at home in case something tragic should happen to

you and your safe deposit box is sealed. "Original" means an original copy with all required signatures. Select documents, such as birth certificates, must also be certified or notarized to be considered valid.

A good rule to stick to for your safe-deposit box is: Put documents in the box if you can't easily replace them or if you don't know what might happen if you don't have it. A safe-deposit box should not be used as a catchall for souvenirs and unimportant papers. Generally speaking, you do not need to keep the following in a safe-deposit box: income tax returns, education records,

employment records, bank books, social security cards, guarantees, and burial instructions.

A complete household inventory and supporting evidence such as receipts, photographs, bills of sale, and appraisals kept in a safe deposit box will be particularly helpful if you have a fire, theft or other natural disaster insurance claim. It's important to update this information at least annually.

Most government records are available for free or at low cost from a government office. If you are unsure whether you need a certified copy, or want more information about which local government office can give you an original of these documents, contact your local consumer protection office. While there will always be companies that offer to sell you copies of official papers, you should check with the appropriate government agency to see if they will provide the same information free or at a lower price.

### Develop a System That Works for You (continued from page 3)

- Bonds and Stock Certificates
- Important Contracts
- Tax returns and accompanying information

Keep proof of debt repayment, including canceled checks for insurance accident reports and claims and retirement and pension records. Retain proof of date and price of purchase for all investments or other property that might be sold someday or transferred to heirs. Store correspondence relating to legal and important matters here as well.

#### Safe-deposit Box

Certain records are difficult or impossible to replace. Keep them in a safe deposit box at your financial institution. Keep the original documents for the following in your safe-deposit box:

- Birth Certificates
- Citizenship Papers

- Marriage Certificates
- Adoption Papers
- Divorce Decrees
- Wills
- Death Certificates
- Deeds
- Titles to Automobiles
- Veteran's Papers
- Bonds and Stock Certificates
- Important Contracts

Gathering your important records, tracking down the ones you're missing, throwing away the ones you don't need, and filing what's left in an organized fashion will save you time and money in the future. Don't expect to do it all in a day or even a week. Tackle it one piece at a time. Encourage all of your family members to save their financial information and know how to use the files. Set aside a regular time for record keeping and stick to it. ■

**We have new  
business hours!**

Mon.-Thurs.: 7:00 a.m.-8:00 p.m.

Friday: 7:00 a.m.-7:00 p.m.

Saturday: 8:00 a.m.-1:00 p.m.

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**If you know of someone who would benefit from this information, please pass this newsletter along.**

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