Organizing Household Records

In today's home, keeping tabs on all the records about our family, the purchases we make and the services for which we pay could challenge a full-time accountant. However, knowing where important papers are located, and being able to find them easily, can be the difference between money lost or gained.

Systems commonly used are the "shoe box in the closet" and "bottom drawer of the dresser."

These haphazard systems can lead to frustration. In contrast, a well organized, complete record-keeping system eliminates confusion when important papers are needed.

- Having easily accessible records means less time preparing income tax returns. Deductions may be available if you can substantiate them.
- If your house or apartment is destroyed or burglarized, having irreplaceable records stored safely — as well as an inventory of personal possessions — can help get adequate insurance compensation and retrieve lost or stolen items.
- In the event of death, injury or an emergency, records will help in settling an estate, obtaining insurance or benefit claims and reducing some stress for loved ones.
- Records provide proof of ownership and evidence that certain transactions took place (and when). Having these records can save headaches when someone else makes a mistake about these facts, or if official documents are destroyed.
- Records also help in evaluating past and planning future spending.

A complete, well-organized record-keeping system requires some effort on your part. Once started, though, it's not too difficult to maintain. It may save time in the long run.

Getting Started

Motivating yourself to get started is the first step.

Pull out all those records and papers you have stored all over the house. Begin sorting, because you don't need to keep everything to have good records. Some of the papers you've been keeping may be unnecessary. A good record-keeping system lets you concentrate on the important papers. Be sure to discard unnecessary records carefully: Tear them up or shred them.

Decide who will take major responsibility for keeping and organizing records. All family members should contribute to this effort, however. It's a good idea to schedule regular times to work on records, such as the first or the last day of each month.

Remember the general rule: The more difficult and expensive the records are to replace, the safer the storage location should be.

Safety Deposit Box or Home Safe

Every household has some papers that need to be stored in a safe place, such as a safety deposit box or a fireproof, burglarproof home safe.

Many of these papers, including such things as birth and death certificates, legal papers relating to marriage and other documents that are government- or court-recorded, need to be kept indefinitely.

The original signed copy of a will or trust may be kept in a home safe (or safety deposit box, although access may be hampered if it is held in joint tenancy and one of the joint tenants dies), kept by the attorney who prepared it or stored by a bank or trust company (if named as executor or trustee). A copy should be kept in a home file. Funeral or burial instructions, however, should be kept in a home file or by a family member.

Some financial and business papers — such as investment certificates; bonds; deeds; mortgage papers; major contracts; a list of insurance policies, numbers and agents; automobile titles; appraisals; and a household inventory — also require safekeeping.

Home File

Items that are used frequently, and can be replaced easily, should be kept in a home file. Having one place where records are stored can save time and energy. This may be a home business center, file cabinet, expandable file folder, desk drawer or sturdy box. A fireproof container is best, but somewhat expensive.

This file can include insurance policies, guarantees and warranties, education records, bank statements, health records, reference material, budgeting information, a household inventory, evidence of personal property tax payments and canceled checks.

While income tax returns can be kept in a home file, many people prefer the security of a safety deposit box or home safe. Copies of your

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returns usually can be obtained from the Internal Revenue Service (for at least six years) and the Kansas Department of Revenue (for three years), although the process may take several months.

It's a good idea to keep indefinitely copies of your tax returns and proof of tax payments. They provide a valuable "paper trail," such as a history of spouses' monetary contributions to the marriage. If this is not feasible, you should keep them for at least seven years.

Replaceable receipts and records that you use to prove income and deductions on tax returns can be stored in your home file, while irreplaceable ones probably should be kept in a safety deposit box or home safe. These receipts and records should be kept at least until the statute of limitations expires for that return. Usually this is three years from the date the return was due. This limitation does not apply if you failed to report an amount of income more than 25 percent of the income shown on your return, where the statute of limitations is six years after the return was filed. There is no statute of limitations when a return is false or fraudulent, or when no return is filed.

Asset and property records — such as proof of ownership, original and adjustments to cost or other basis, capital improvements, tax assessments and purchase and sale records — are needed to substantiate capital gains and losses. They may also be needed for resale or other tax and estate settlement purposes. These records should be kept indefinitely (as part of a "paper trail"), or at least as long as other tax receipts and records after the asset is disposed of and reported on your income tax return. Because of the irreplaceable nature of many of these documents, keep them in a safety deposit box or home safe.

Copies of canceled checks usually can be obtained from your financial institution. Ask them how long they keep checks and the cost for replacement. If replaceable, checks used for tax purposes can be stored in a home file, along with a list of these check numbers and dates stored in a safety deposit box or home safe.

How long you keep other canceled checks, receipts or records depends on the reason for keeping them. Unless they need to be kept longer for specific reasons, three years is usually sufficient. Evidence of a paid installment debt probably should be kept for five or six years after the debt is paid.

Some receipts and records can be discarded more quickly, such as grocery receipts (once recorded on your family account book) and credit card slips (once verified on your statements). Rather than keeping the receipts or credit card slips, keep the family account book and credit card statements.

You may need canceled checks or other proof of purchase to get warranty service or to prove actual costs for an unusual or expensive item listed on your household inventory (in the event of a loss). These probably should be kept for as long as you own the item.

Organize your home file in a way that is convenient and easy for you. One way to do this is with a system of labeled file folders or large envelopes with dividers and subdividers according to type of information. (See the sample filing system on the next page.)

You may want to use a two-part filing system — an active file and an inactive file. The inactive file is for storage of past years' records or those seldom referred to, and the active file is for current or frequently used records. If you use this system, review your active files periodically, discarding outdated and unnecessary records, and transferring needed records to the inactive file. The first of the year is a good time to make the transfers.

The first of the year is also a good time to complete a yearly "checkup" of your record-keeping system. Review your records. Are you keeping the ones you should be keeping? Are they stored appropriately? Has all filing been completed? Have you discarded unnecessary records?

Keep With You

Your wallet is actually a mini filing system. Here you should keep identification information, drivers license, employee ID cards, names and telephone numbers of people to contact in an emergency, Social Security card and possibly organizational membership cards.

Health, accident and auto insurance information, as well as any donor cards or information on allergies, health problems and blood type, also should be carried with you.

If you carry credit cards, keep a list of the account numbers, company addresses and telephone numbers at home, as well as in a safety deposit box or home safe.

What's Stored Where

Because a complete, well-organized system involves storing records in several locations, a list or directory of where various records are kept is important. This list can also act as a summary of your property, bank and savings accounts, investments, insurance and debt information.

Making a list of people who act as important family advisors — such as your lawyer, doctors and insurance agents — is also advisable. Keep one copy of this list in your home file and another in a safety deposit box or home safe.

Your household record-keeping system should fit your needs. An organized, meaningful, complete and up-to-date system is more likely to be useful.

Know Your System

Finally, make sure more than one person in the family knows and understands the record-keeping system. In an emergency, or if you are not available, someone else should be able to find needed records or other information quickly and easily.

Sample Filing System

Listed below is one possible method for setting up a home filing system. You should adopt a system that fits your needs and those of your family.

Accounts and Records

- Automobile Records
- Education Records
- Employment Papers and Records of Earnings
- Funeral and Burial Instructions
- Family Account Book / Record of Expenditures
- Health Records
- Household Inventory
- Income Tax Records
- Letter of Last Instructions
- Net Worth Statements
- Retirement Papers
- Warranties, Care Manuals and Instruction Booklets
- Will or Trust (copy)

Banking, Savings and Investment Records

- Canceled Checks and Bank Statements
- Deposit Slips
- Safety Deposit Box — List of Contents
- Savings and Investment Records

Bills — Paid

- Canceled Contracts
- Credit Card Payments
- Receipts and Records of Payments
    - Automobile
    - Business-related
    - Clothing
    - Education
    - Food
    - Furnishings and Equipment
    - Gifts and Contributions
    - Housing
    - Insurance
    - Medical and Dental
    - Recreation and Entertainment
    - Taxes (Income, Property, Personal Property, etc.)
    - Utilities

Bills — Unpaid

- Installment Agreements and Loan Contracts
- Unpaid Bills

Correspondence

Insurance Policies

- Automobile
- Health and Accident
- Homeowner's / Renter's
- Liability
- Life
- Other

List of Valuable Records

Organizations

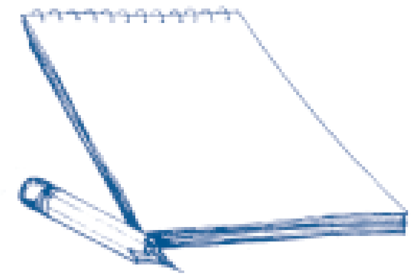
- Church
- K-State Research and Extension
- School
- Other

Personal

- Addresses
- Birthdays
- Christmas Card List
- Gift Suggestions

Reference Material

- Budgeting
- Child Care
- Cleaning
- Clothing
- Crafts
- Equipment
- Foods and Nutrition
- Gardening
- Health and Safety
- Home Furnishings
- Housing
- Landscaping
- Laundry
- Remodeling — Building and Repair



Developing a Household Operating Manual

Warranties, care manuals and instruction booklets are an important part of your family's record-keeping system. Search out from closet shelves, desk drawers or shoe boxes those warranties, care manuals and instruction booklets, as well as the notes you may have stored with them. Throw away materials on items you no longer own.

An alternative to including these materials with your home filing system is to develop a loose-leaf notebook or household operating manual. Here's how the notebook system works: Tape, paste or attach smaller warranty information, care manuals and instruction booklets to stiff 8½ × 11-inch paper. Uniformity of size helps in storage.

If you need to read the back page of the material, make sure to attach it so the back page is readable. For each item, note the purchase date.

The purchase date can tell you immediately whether the warranty is still in effect. It also may help you in locating the sales slip (which can be attached directly to the warranty or the page), relevant canceled check or contract (if purchased on credit).

Noting information regarding repairs and upkeep also can be helpful. Where regular maintenance is required for continued warranty coverage, a history of repairs and upkeep is especially important.

Some warranties, care manuals or instruction booklets may be stored at another location. For example, it's a good idea to keep warranty information and the owner's manual for your car in the car's glove compartment. However, it's helpful to keep in your household operating manual a list of dates when auto repairs were made and a brief description of those repairs. This list can be compared with the suggested schedule of maintenance in the owner's manual.

After locating all the essential information and organizing the individual pages, the next step is to divide the notebook into categories, such as by room or by type of item. Notebook tabs are helpful section dividers.

Keep the care manual and instruction booklet as long as you own the item. The warranty can be discarded after it has expired, unless it provides information about company addresses and how to obtain repairs.

Remember to update the notebook or files as purchases, repairs and services are made.

More Information

For further information, see the following K-State Research and Extension publications:

Taking Inventory: Protecting Your Household Possessions, L-776

Our Valuable Records, MF-685

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Publications from Kansas State University are available on the World Wide Web at: http://www.oznet.ksu.edu

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