

A Winning Plan with Financial Records

One of life's most important lessons is distinguishing what is trivial from what is not. While we're tempted to lump our personal documents among life's petty details, their significance can be major. How quickly could we access our birth certificates, immunization records, wills, vehicular titles, or even three-month-old credit card statements? Did we file them away and, if so, where? How long would it take to find—or replace—them?

How much do you and your spouse know about the financial records and services the members of your household uses or has access to? I would assume you know the names and locations of your banking institutions, but there are a lot of other important financial records that you may be overlooking. For example, I belong to a couple of professional organizations that offer small term life insurance policies as part of their member services. Would my husband know how to contact these organizations if he needed to? I learned the hard way that you have to stay on top of these kinds of things because when your family is in crisis, you aren't always able to think about the little details, let alone any big decisions. For this reason, I created a spreadsheet that contains a composite listing of important accounts, policies, account numbers, and contact information. I have listed every life insurance policy, the company that underwrites the policy, the local agent's name (if there is one), the contact information for the company, the policy number and the value of the policy. I have included my banking information on the same spreadsheet with similar information and a note about where the various records are filed. I gave a copy to a close family member and put a copy in our safety deposit box. Once a year, I update the spreadsheet to reflect any changes we have made and mail a new copy to our family member.

A systematic plan for keeping track of important papers such as the one I use can save hours of anxious searching. When something happens to us, it allows our loved ones to readily locate our health-care powers of attorney, insurance policies, medical records, and outstanding bills. If we experience fire, flood, or theft, we can lay our fingers on essential documents without delay. If we're meeting with an attorney or financial adviser, we can prepare in an hour rather than a week. Even on an everyday basis, systematic recordkeeping makes it easier to pay bills on time, find receipts, and share paperwork chores. There are a variety of systems that are effective, but you have to find one that works well with your lifestyle and home.

Getting started is often the biggest hurdle in establishing a system. It takes time and effort to do it, but it will actually save you time and effort in the long run. Start now, with today's papers. Forget the backlog of yesterday's unfiled stacks, at least for now. If you receive a bank or credit union statement this week and don't yet have a file for storing your banking information, make one that's labeled with the name of the bank or credit union. If you have space on the label, include the type of account (checking, savings, money market, etc.) and the account number. For example: ABC Bank--

Checking #12345. Place your most recent statement in this folder. Later, add others in order of the month that you receive them.

Whether you have a home office or a kitchen table for paying bills and keeping records, your job will be more difficult if you accumulate stacks of papers. As you open your bills or deal with important papers, it's best to handle each one only a few times and to file it immediately. If that's not possible, use a box, basket, or envelope to temporarily hold mail you don't yet have time to open or papers you've gathered but haven't yet sorted or processed.

If you can delegate some record-keeping tasks to someone else, you may want to provide them with a second box, basket, or envelope for the items they will process. Some people like to use a third container simply for papers that have already been handled and that need to be filed

Filing papers in labeled folders works best for most people. For ease of access, many people prefer the hanging style of file folder that can be suspended in file drawers or in any of the various plastic or cardboard boxes available at office supply stores. As you file each item, date it. If you decide to discard it instead, be sure to shred it or safely burn it if it includes sensitive information that could be misused by an identity thief.

Plan a system that will work for you -- one that will help you make decisions easily and fits your lifestyle. Start now so that you have the peace of mind in knowing that you and your family will not be caught off-guard should the need arise for accessing your financial records in a hurry.

Stop by the extension office located 119 E. 9th for more information about organizing finances. You may also contact me through phone (238-4161) or e-mail (dandres1@ksu.edu) to discuss any questions you may have. A special thank you goes to Beth Ireland, FCS Extension Agent in Greenwood County for sharing her ideas for this article.