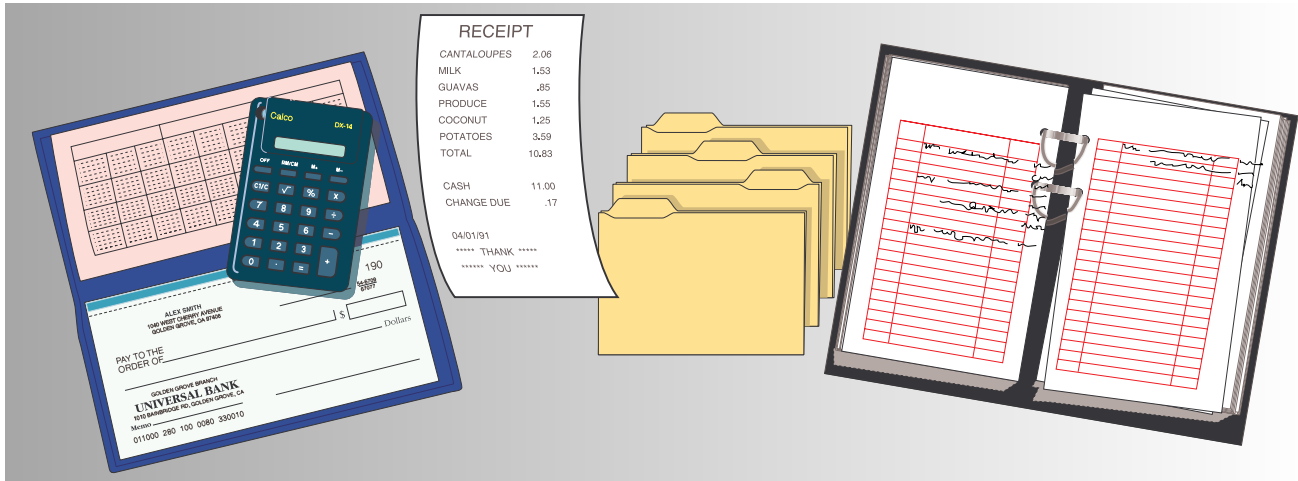




FACT SHEET

Recordkeeping

Fact Sheet 705



Getting organized is not easy. It takes time and commitment to get all your family records in order and to answer such questions as:

- Where does our money go?
- Is there any way to get more satisfaction from its use?
- How much do we own?
- How much do we owe?

These questions can be answered when you and your family have the necessary information. That information comes from keeping records of the money coming in and going out of your household.

Keeping records for a month is a must if you are to have a workable spending plan, or budget. Other records your family needs include (but are not limited to):

- a net worth statement,
- a personal property inventory, and
- a list of credit cards.

Why Keep Records?

- Some are needed to assist in tax preparation.
- Some are needed in case of a crisis, such as death, fire, or theft.

- Some are needed to show proof of payments made and ownership of property, in case someone else makes a mistake.
- They are needed for protection in case official records are destroyed.
- They provide a useful summary of your financial situation.
- It is the sensible thing to do.

Where to Keep Records

There are three places records should be kept.

1. In your wallet:

- driver's license
- personal identification
- health insurance card
- name of doctor and person to call in case of accident
- card showing medical problems (such as diabetes, epilepsy, heart condition) attached to driver's license
- credit cards
- phone card
- membership cards

2. In a bank safe deposit box:

- Important documents that are difficult to replace, such as:

- title and bill of sale for automobile, truck, motorcycle, boat
- certificates of birth, death, marriage, divorce, citizenship, adoption
- military service records
- contracts, notes, and debts
- personal property inventory
- a list of records in your home file
- a list of insurance policies (including policy numbers, names of companies, agents' names, property, or persons insured)
- certificates of deposit
- stock certificates
- mutual fund shares
- bonds
- Social Security card
- passports
- copy of your will
- deeds and leases

If you do not have a safe deposit box, you should consider getting one. Your box should be large enough to hold all the necessary items.

3. At home:

- The majority of your records and papers should be kept at your home, including:

Family Records

- names, addresses, and telephone numbers of family advisors
- health records
- licenses to practice
- key to safe deposit box and list of safe deposit box contents

Property Records

- copies of titles for automobiles, motorcycles, boats
- guarantees and warranties
- copy of personal property inventory
- instruction books (appliances, automobiles)

Financial Records

- account books
- income tax returns
- bank account information, canceled checks
- credit card information
- education, employment, and Social Security records
- automobile, property and liability, life, health, disability insurance policies

- list of stocks and bonds
- list of notes and debts
- real estate ownership information
- receipts
- sales slips
- savings pass books, statements

Setting Up a Business Center

The most efficient way to store records and carry out other family business is to set up some type of family business center. In addition to records, it is the ideal place to keep accounts, develop budgets, carry on correspondence, make out tax returns, write checks, and care for many papers and semi-valuable documents.

Your business center may be as elaborate as an office; it may be a desk and file cabinet, or just a simple cardboard box. The type of system is not as important as the systematic organization of your financial papers. Records and papers may be separated using large envelopes or individual file folders. Another alternative would be to use a three-ring notebook with dividers. Dividers that have pockets could be used to store looseleaf papers. Label the dividers of your notebook or files according to the types of records you keep. Some file labels that you may need are in TABLE 1.

How Long to Keep Records

Even the best recordkeeping system probably will not fill your needs forever. Changes in employment or in your family's lifestyle require adjustments from time to time. At least once a year, plan to review your files and do some housecleaning. January may be a good time for a recordkeeping overhaul since tax time will require you to look at your financial picture.

Your inactive files may be a box in the attic or garage. These files hold papers you do not use, but may need in the future. Your past taxes filed in inactive storage will include detailed records such as canceled checks, diaries, and whatever else backs up your tax return for at least 3 years, preferably 10 years. You may want to indefinitely keep copies of all tax returns with W-2 forms stapled to them.

TABLE 1. Business Center File Labels

Suggested Heading	Suggested Contents
Active Files	
General	<ul style="list-style-type: none"> Personal information sheets List of items in safe deposit box Copy of will—original should be kept at county Register of Wills
Budgeting	<ul style="list-style-type: none"> List of goals Budget sheets
Residence	<ul style="list-style-type: none"> Purchase contract and receipt (deed in safe deposit box) Mortgage papers Property tax receipts Copy of lease or rental agreement Home improvement receipts (including landscaping expenses)
Property Insurance	<ul style="list-style-type: none"> Title insurance policy Termite inspection policy Homeowners/renters insurance policy Details of property insurance coverage Personal property inventory
Health/Disability Insurance	<ul style="list-style-type: none"> Insurance policies or information on present health coverage (group insurance) Current medical history for each family member List of drugs to which each family member is allergic
Bank Accounts	<ul style="list-style-type: none"> Bank statements and canceled checks (keep selected canceled checks for at least 7 years)
Auto Insurance	<ul style="list-style-type: none"> Auto insurance policy Record of traffic violations and accidents Auto registration receipts
Life Insurance	<ul style="list-style-type: none"> Insurance policies (including employee group plans)
Net Worth	<ul style="list-style-type: none"> Annual net worth statements
Investments	
Stocks and Bonds	<ul style="list-style-type: none"> Record of purchase and sale List of stock certificate numbers and dates of issue (all stock certificates and bonds should be kept either with broker or in safe deposit box) Records of stock dividends and bond interest Transaction slips and monthly statements
Other	<ul style="list-style-type: none"> Records of purchase and sale (keep mutual fund shares with a broker, with the mutual fund transfer agent, or in a safe deposit box)
Current Taxes	<ul style="list-style-type: none"> Mortgage interest payment records Charitable gifts records Employee business expense Medical expense records
Warranties	<ul style="list-style-type: none"> All warranties relating to appliances, tires, carpets (to show cost and proof of date purchased) Repair instructions
Care Booklets	<ul style="list-style-type: none"> All care instruction booklets
Licenses	<ul style="list-style-type: none"> A copy of all licenses
Employment Information	<ul style="list-style-type: none"> Employee contract, if any Employee handbook Employee benefits information Payroll check stubs
Personal Resume	<ul style="list-style-type: none"> Education record: years, major, degrees, names and addresses of major professors and advisors Employment record: job titles, dates, responsibilities, supervisors' names and addresses
Credit Records	<ul style="list-style-type: none"> Papers showing payment of debts Credit card safety record, including numbers, names, and addresses
Inactive Files	
Bank Records	<ul style="list-style-type: none"> Canceled checks for the past 7 to 10 years that show proof of payment of debts, and checks that support income tax deductions or credits
Past Taxes	<ul style="list-style-type: none"> Tax forms, schedules, and supporting data for past 3 to 10 years, including quarterly estimated tax forms, W-2 forms, 1099 forms, canceled checks Tax forms documenting tax-deferred retirement or gift-giving actions should be kept indefinitely

Specific Records to Keep

1. **Family Budget.** Write down the family's spending plan. Then, periodically (weekly), record your expenditures and check your progress.

2. **Net Worth Statement.** Prepare an annual statement of your assets (any money, investments, or items of value), liabilities (debts owed), and the difference between the two.

3. **Personal Property Inventory.** This is a list of your household possessions and important information about each. Most of us could not even come close to remembering all of the belongings in our house without a list. When a disaster, such as fire, burglary, or tornado strikes, you could be short-changed by the insurance companies if you do not have a current personal property inventory to document your loss. An updated personal property inventory can help you be sure that you are adequately covered by insurance. Also, personal property inventories can be used to remind you to save money because some appliances or furniture will soon need to be replaced.

Work through one room at a time. List the original cost and current market value for each item (what you could get for the item if you sold it). Also list serial and model numbers where appropriate.

Inventory possessions in all rooms, including garage, attic, and other storage areas.

- If you have antiques or silver, it is advisable to have these items appraised by a qualified appraiser—and that document stored with a copy of your personal property inventory in your safe deposit box.
- If you have access to a camera, take photographs or videotape the items, especially antiques and things that would be expensive to replace.
- Once you have completed your inventory and taken photographs or videotapes, date and store them in a safe place away from your home; preferably a safe deposit box.

4. **Credit Card Safety Record.** Your credit card safety record contains all the information you will need to report a lost or stolen card. Gather all your credit cards. List each with the account number and expiration date. Write the name of everyone in your family who has a duplicate card. Enter the telephone number and address to use to report the loss or theft of your card.

Keep this information in a safe place in your home with other important records. You may want to put a copy in your safe deposit box.

Adapted from *Master Money Manager II*
by Josephine Turner and Sarah Hazen, 1987.

Alabama Cooperative Extension Service,
Auburn University.

Adapted by Mary J. Stephenson,
Family Resource Management Specialist, Cooperative
Extension Service,
University of Maryland at College Park.