

# 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.

Some 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, filing 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 spending, as well as planning future spending.

A complete, well-organized record-keeping system requires some effort on your part. Once started, 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, expensive, and time consuming the records are to replace, the safer the storage location should be.

## *Safe Deposit Box or Home Safe*

Every household has some papers that need to be stored in a safe place, such as a safe deposit box. A fireproof, burglarproof home safe also may be used, but remember that it may not be “tornado proof.”

Many of these papers, including

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 safe deposit box (although access may be hampered if the safe deposit box 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 and/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 that 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.

This file can include insurance policies; guarantees and warranties; education records; monthly, quarterly or annual financial statements; health records; reference material; budgeting information; copies of your household inventory and list of valuable records; 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 safe deposit box or home safe. Copies of your prior income tax returns (or electronic transcripts) usually can be obtained from the Internal Revenue Service (for at least six years) and the Kansas Department of Revenue (for at least three years).

Getting copies of your prior Kansas income tax returns is inexpensive and generally only takes a few weeks. For prior Federal income tax returns, the time required to get copies (and the cost) depend upon the type of information requested and the number of tax years requested. (See IRS Form 4506 for more information.)

It's a good idea to keep copies of your tax returns and proof of tax payments indefinitely. 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 safe 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. Note that this limitation does not apply if you failed to report an amount of gross income more than 25 percent of the income shown on your return, where the statute of limitations is six years after the return was due. 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 also may 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 safe 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, with a list of check numbers and dates stored in a safe deposit box or home safe.

How long you keep other canceled checks, receipts, or records depends upon the reason for keeping them. Unless they need to be kept longer for specific reasons, three years usually is 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 proofs 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; 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 appropriate records to the inactive file. The first of the year is a good time to make the transfers.

The first of the year also is 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, 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, should also 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 safe 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, financial accounts, investments, insurance, and debt information.

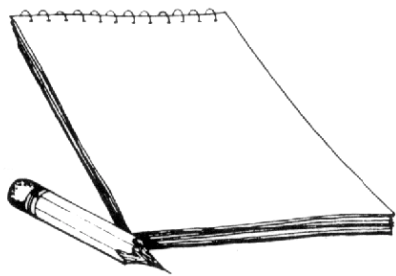
Making a list of people who act as important family advisers — such as your physicians, attorney, and insurance agents — is also advisable. Keep one copy of this list in your home file and another in a safe deposit box or home safe.

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

# 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 or Burial Records
  - Family Account Book/Record of Expenditures
  - Household Inventory (copy)
  - Income Tax Records
  - Letter of Last Instructions
  - List of Valuable Records (copy)
  - Medical Records
  - Net Worth Statements
  - Passport
  - Powers of Attorney
  - Retirement Papers
  - Warranties, Care Manuals, and Instruction Booklets
  - Will or Trust (copy)
- Banking, Savings, and Investment Records
  - Canceled Checks
  - Deposit Slips
  - Monthly, Quarterly, and Annual Financial Statements
  - Safe 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
  - Disability
  - Health and Accident
  - Homeowner's or Renter's Liability
  - Life
  - Other
- Organizations
  - Church
  - K-State Research and Extension
  - School
  - Other
- Personal
  - Addresses
  - Birthdays
  - Christmas Card List
  - Gift Suggestions
- Reference Material
  - Budgeting
  - Child Care
  - Cleaning
  - Clothing
  - Equipment
  - Foods and Nutrition
  - Gardening
  - Health and Safety
  - Home Furnishings
  - Housing
  - Internet Resources
  - Landscaping
  - Laundry
  - Remodeling — Building and Repair



### *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.

### *Developing a Household Operating Manual*

Warranties, care manuals, and instruction booklets are an important part of your family's record-keeping system. Search closet shelves, desk drawers, or other places where you may have put 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: Place warranty information, care manuals, and instruction booklets in commercially available sheet protectors. (Or, you can tape, paste, or attach smaller warranty information, care manuals, and instruction booklets to stiff 8½ × 11-inch paper. Uniformity of size helps in storage.)

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 receipt (or you can attach the receipt directly to the warranty or to the page, if not stored elsewhere), 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 vehicle in the vehicle's glove compartment. However, it is 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 or divider pages 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. Don't forget that some of your purchases may have extended warranty coverage, such as those purchased with credit cards offering this service.

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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**Kansas State University Agricultural Experiment Station and Cooperative Extension Service**

L-801 Revised

August 2001

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