

KEEPING FAMILY/HOUSEHOLD RECORDS

What to Discard

When was the last time you couldn't find an important paper you knew you had carefully put away someplace? How much time do you spend trying to straighten out your household business affairs, especially at income tax time?

How, in fact, do people decide what records are important to keep and what they can discard? How do they decide where to store and keep such records and papers?

Even though each family or household must work out its own system, some general guidelines can be helpful. As a starter, ask yourself a few questions:

- How easy or difficult would it be for other members of your household to figure out your record system? Or...do you even have a system?
- Who besides you knows where to turn for necessary information about the family household assets and obligations? Do you have a listing of people who are important contacts, such as tax counselors, attorneys, bankers, brokers, insurance representatives, employers, creditors, and debtors?

- Are you sure titles to property and possessions are held in the best way for all concerned? If not, you may want to ask an estate attorney or a trust officer at your bank for professional assistance.

A good record system will provide a bird's-eye view of what happens to property after you die or when a member of your household dies. Other changes can alter plans too---for example, divorce or separation, children reaching legal age, a long illness, a lawsuit, a natural disaster, loss of a job, and retirement.

- What happens if the place where you live is burglarized or there's a fire and records are destroyed? What do you do when you lose track of important paper. Which can be replaced, and how do you go about that? Which ones cannot be replaced, and what do you do about those?

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Papers to Keep in Safe Deposit Boxes

Every family household has some important records. Each of us should have a birth certificate or an acceptable substitute. Since there are many occasions when the information on your birth certificate will be needed, it is important that you keep it in a safe place, preferably in a safe deposit box.

If you have lost or misplaced birth certificates, consider applying for replacements now, before there is a pressing need. Otherwise, you may have to wait for one you need quickly.

State registration of births has been mandatory since 1920, and you can contact your State agency to get a copy. The Bureau of the Census also will search its files for proof of age.

By the same token, there will be death certificate for every person someday. These will be needed occasionally and also are best kept in a safe deposit box.

If you need to obtain these kinds of records, the publication, [Where to Write for Vital Records](#) is available for viewing or purchase from the [Consumer Information Center](#), Pueblo, Colorado 81009.

Other important documents to be kept in your safe deposit box include marriage certificates, divorce or other legal papers regarding dissolution of marriage, adoption papers, citizenship records, service papers, and any other document that is either government or court recorded.

The original copy of a will, in most cases, is kept in the safe of the attorney who prepared it. This is highly desirable, since it may save complications later. The client receives two carbon copies, one of which may be put into his or her own safe deposit box. However, there could be a legal delay in getting this copy at his or her death. The third copy, therefore, should be kept at home where it is readily accessible.

Some of your important papers, such as investments, are of a business or financial nature. Certificates for securities are nonnegotiable (can't be sold or legally transferred) until they are signed by the owner. Nevertheless, such certificates can be lost or stolen, and the signature can be forged. In either case replacement involves both cost and delay. Such certificates then, when not left with the broker, should be kept in the owner's safe deposit box.

Government bonds can be replaced without cost, but there will be a delay of several months. So it is best to keep these in the box also.

Among other investment-type documents that require safekeeping are papers that serve as proof of ownership, such as deeds for real estate, other mortgage papers, contracts, automobile titles (if this applies in your State), leases, notes, and such special papers as patents and copyrights.

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Renting Safe Deposit Boxes

If you don't have a safe deposit box, then consider getting one. The yearly rental, at your bank or savings and loan company, is inexpensive. Often the smallest size is adequate, though larger sizes are available at slightly higher charges.

If you do have a safe deposit box, ask yourself if it

is large enough to hold everything that should be in it- and small enough to keep out things that don't need to be there. If you store documents from investment properties or securities, the rental can be claimed as a deduction for income tax purposes. The box should not be used as a catchall for souvenirs and unimportant papers.

What Goes In And What Stays Out

A guideline as to what goes in and what stays out of your safe deposit box might be: Put it in if you can't replace it or if it would be costly or troublesome to replace.

Many items can be replaced rather easily. Copies of insurance policies can be obtained from your insurance companies. Copies of cancelled checks are usually available at your bank.

Generally speaking, you do not need to keep the following in a safe deposit box: income tax returns, education records, employment records, bankbooks, social security cards, guarantees, and burial instructions.

Keeping Tax Records

How long should you keep tax records? 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.

But you don't have to keep everything for tax purposes. You can lighten your record load by discarding certain checks and bills once they have served their purpose. For example, you can throw away weekly or monthly salary

statements---assuming you are paid in that way---after you check them against your annual W-2 Form. But 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.

The IRS generally keeps records for 6 years. You can obtain a copy of your tax return by writing to the IRS center to which your return was sent. Make sure you include your social security number and a notarized signature.

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Making Household Inventory Records

Among your important papers keep a household inventory. If there is a fire or burglary in your home, this record will help you remember what has to be replaced and how much each item is worth. An inventory also may show that you need to increase your insurance because your possessions are worth more than you thought.

The best way to go about compiling a household inventory is to start with a sheet of paper for each room in the house, apartment, etc. Forms on which to record items are available from several places, sometimes from your county Extension office.

When you make your inventory, start at one point in the room and go all the way around, listing everything. For each item, list what it is, how much it cost, when it was purchased, and what it would

cost to replace it. Include the model number, brand name, dealer's name, and a general description. If you take pictures of the rooms and your household possessions, it will make identification or replacement, easier. Arrange expensive collections, silver, and jewelry separately and take close-up pictures.

When you have finished all the rooms, including the basement, garage, and attic, add up the total replacement cost. That figure will represent what your household is worth and is what your insurance should cover.

Update your inventory every 6 months or so by adding new purchases and adjusting replacement costs.

Organizing A Home Filing System

A system for personal records is a necessity. No matter how modest your home facilities might be, you need a special place to keep your papers. That could be as elaborate as a room or home office or as simple as a corner of the kitchen, bedroom, or hall.

Records, regardless of the filing system used, should be reviewed at least once a year to discard items no longer needed. January is a good time for an overhaul, since it's just before you begin to work on taxes.

The equipment you will need doesn't have to be elaborate. Think about a filing cabinet before you think about a desk. The

two-drawer type can be covered with paint or wallpaper. A wooden slab or hollow-core door stretched across the top of two cabinets can make a practical home office desk.

If you don't have space for a small cabinet, buy accordion folders, a storage chest that fits under the bed, or get sturdy cardboard boxes of an appropriate size.

A home computer or portable typewriter and a pocket calculator can be handy, but they are not essential. The essential thing is to know where everything is.

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Two Home Files

You should keep two home files, in addition to your safe deposit box at the bank. These two files are your active file and your dead storage file. Your active file will hold: 1) unpaid bills until paid, 2) paid bill receipts, 3) current bank statements, 4) current cancelled checks, 5) income tax working papers. After 3 years, move these items to your dead storage file.

There are other items which should always be kept in your active file. These include: 1) employment records, such as resumes, recommendation letters, health benefit information; 2) credit card information, including the number of each card, by company name; 3) insurance policies; 4) copies of wills; 5) family health records; 6) appliance manuals and warranties; 7) education information, such as transcripts, diplomas, etc.; 8) Social Security information on benefits and regulations; and 9) an inventory of what's in your safe deposit box (you might store a key in the inventory folder).

Finally, keep a record book of the whereabouts of your important papers. If

you use a loose-leaf binder, you will be able to change papers easily or copy a page or two.

The book should contain a list of all your savings and checking accounts. This way you won't become one of the missing depositors who have forgotten their accounts or who have died without telling relatives about them. Also, include the name and branch of the bank where you keep your safe deposit box.

The book also should have all of the family members' social security numbers, and all of the insurance policy information. It's a good idea to keep a copy of your household inventory here as well. Don't forget to record all your household improvements.

Finally, make sure someone else knows and understands the family record-keeping system.

Preparing A Net Worth Statement

Have you tried filling out a net worth statement as a means of keeping tabs on yourself and your family possessions? Such a record provides a good overall picture and can be prepared in an hour or less. If you do it annually, you can see quickly whether you are getting ahead financially or falling behind and, in either case, how fast.

An accurate net worth statement can serve as a point of departure for the year ahead. If you're not making as much progress financially as you had expected to, you can decide whether to stay on course or to change directions for the coming year.

Where are you going to find a net worth form that will meet your needs? Try your county Cooperative Extension Service office. Or ask at your bank. Better yet, perhaps you can make one to fit your family. All you do is list your assets, list your obligations, and subtract the debts from the assets. Hopefully the plus side of the ledger will get larger each year and the minus side smaller. But there may be good reasons why you'll fall behind sometimes, such as when you buy a new home or when other expenses are heavier than usual.

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THINGS TO REMEMBER

Use the checklist chart below to remind yourself what to keep and what you can discard.

Safe Deposit Box

1. Birth Certificates
2. Citizenship Papers
3. Marriage Certificates
4. Adoption Papers
5. Divorce Decrees
6. Wills
7. Death Certificates
8. Deeds
9. Titles to Automobiles
10. Household Inventory
11. Veteran's Papers
12. Bonds and Stock Certificates
13. Important Contracts

Active File

1. Tax Receipts
2. Unpaid Bills
3. Paid Bill Receipts
4. Current Bank Statements
5. Current Cancelled Checks
6. Income Tax Working Papers
7. Employment Records
8. Health Benefit Information
9. Credit Card Information
10. Insurance Policies
11. Copies of Wills
12. Family Health Records
13. Appliance Manuals and Warranties
14. Receipts of Items Under Warranty
15. Education Information
16. Inventory of Safe Deposit Box (and key)
17. Loan Statements
18. Loan Payment Books
19. Receipts of Expensive Items Not Yet Paid For

Dead Storage

All Active File Papers Over 3 Years Old

Items To Discard

1. Salary Statements (after checking on W-2 Form)
 2. Cancelled Checks for Cash or Nondeductible Expenses
 3. Expired Warranties
 4. Coupons After Expiration Date
 5. Other Records No Longer Needed
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NET WORTH STATEMENT as of _____
(update annually)

Assets

Cash on Hand	\$ _____
Bank accounts (checking and savings)	\$ _____
Credit Union account	\$ _____
Savings & loan accounts	\$ _____
Any other savings accounts	\$ _____
House, market value	\$ _____
Other real estate, value	\$ _____
Household furnishings, value	\$ _____
Automobile(s), blue book value	\$ _____
Life insurance, cash value	\$ _____
Stocks and bonds, today's value	\$ _____
Profit-sharing or retirement plans	\$ _____
U.S. Savings Bonds	\$ _____
Money owed you	\$ _____
Other assets or investments	\$ _____
Personal property	\$ _____
Total Assets	\$ _____

Obligations

Mortgages, balance due	\$ _____
Other loans (bank, credit union)	\$ _____
Installment debts, balance due	\$ _____
Credit cards, balance due	\$ _____
Charge accounts, owed	\$ _____

Other debts, total owed	\$ _____
Insurance premiums due	\$ _____
Taxes owed	\$ _____
Other current bills	\$ _____
Total Debts	\$ _____

Net Worth (assets minus debts) \$ _____

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