



Getting Your Records in Order

Organizing Household Records

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In today's home, keeping tabs on the family's personal and financial records could challenge a full-time accountant. However, knowing where important papers are located — and being able to find them easily — may make 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 can eliminate confusion when important papers are needed.

- Having easily accessible records means less time preparing income tax returns and locating proofs of deductions and other items should the return be audited.
- If a house or apartment is damaged or destroyed in a fire, storm, or other “covered peril,” having irreplaceable records stored safely — as well as an inventory of household possessions — can help get adequate insurance compensation and substantiate uncovered losses for income tax purposes. Good records may help retrieve stolen items if a home is burglarized.
- In the event of death, injury, or an emergency, records will help in settling an estate, filing insurance or benefit claims, and reducing stress for loved ones.
- Records provide proof of ownership and evidence that certain transactions took place (and when). They can be invaluable if official documents are destroyed.
- Records also help evaluate past and future spending.

A complete, well-organized record-keeping system requires some effort. Once started, it is not too difficult to maintain.

Getting Started

Motivation is the first step. Pull out all the records and papers stored all over the house. Begin sorting them. Some of the papers may not need to be kept. A good

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record-keeping system concentrates on the important papers. Be sure to discard unnecessary records carefully — tear them up or shred them (do not just throw them in the trash).

Decide who will take major responsibility for keeping and organizing records, although all family members should contribute. It is 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 for those records should be.

Safe Deposit Box or Home Safe

Every household has papers that need to be stored in a safe place, such as in 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 delayed upon the death of the owner of the safe deposit box), kept by the attorney who prepared it, kept by the named executor or trustee, 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 trusted family member, since they will be needed quickly.

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 replaceable 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 the household inventory and list of valuable records; evidence of personal property tax payments; and canceled checks.

Durable powers of attorney: Because they may be needed quickly, durable powers of attorney should be kept in a home file. However, copies should be kept by the person designated as the agent (proxy) in the durable power of attorney, in a safe deposit box, and/or by the attorney who drafted it. Copies of durable powers of attorney for health care also should be kept by major medical care providers.

Income tax records: 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 prior income tax returns (or electronic transcripts) can be obtained from the Internal Revenue Service (for at least six years) and the Oklahoma Tax Commission (almost indefinitely).

Getting copies of prior Oklahoma income tax returns is inexpensive. The cost is based on the number of years requested and the number of pages in each return. It generally takes a few weeks to get the copies. 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 is a good idea to keep copies of tax returns and proof of tax payments indefinitely. They provide a valuable “paper trail.” If this is not feasible, keep them for at least seven years.

Replaceable receipts and records used to prove income, deductions, and other items on tax returns can be stored in a 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 tax return. Usually this is three years from the date the return was due. Note that this limitation does not apply for federal returns if the taxpayer failed to report an amount of gross income more than 25 percent of the income shown on the 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 federal return is filed. Many financial experts recommend keeping receipts and records that substantiate items on tax returns for at least seven years.

Asset and property records: Asset and property records — such as proof of ownership, original cost and adjustments to cost or other basis, capital improvements, tax assessments, purchase and sale records, and non-deductible contributions to Individual Retirement Accounts — are needed for tax purposes. They also may be needed for resale, retirement, 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

totally disposed of and reported on the owner’s income tax return. Because of the irreplaceable nature of many of these documents, keep them in a safe deposit box or home safe.

Canceled checks and other records: Copies of canceled checks can be obtained from a 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, dates, and amounts stored in a safe deposit box or home safe.

Evidence of paid contracts, notes, and installment debt probably should be kept for ten years. How long other canceled checks, receipts, or records are kept depends upon the reason for keeping them. Unless they need to be kept longer for specific reasons, three years usually is sufficient.

Some receipts and records can be discarded more quickly. For example, grocery receipts can be tossed once recorded in a family account book. Credit card slips can be shredded once verified on statements. Rather than keep the receipts or credit card slips, keep the family account book and credit card statements.

Canceled checks or other proofs of purchase may be needed to get warranty service, or to prove actual costs for an unusual or expensive item listed on a household inventory (in the event of a loss). These should be kept for as long as the item.

Get organized: Organize the home file in a way that is convenient and easy. 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.)

A two-part filing system can be used — 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. When using this system, review 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 the record-keeping system. Review records. Are the important records being kept? Are they stored appropriately? Has all filing been completed? Have unnecessary records been discarded?

Records Kept in a Wallet

The wallet is actually a mini filing system. Identification information, drivers license, employee ID cards, names and telephone numbers of people to contact in an emergency, and possibly organizational membership cards are kept here.

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 in the wallet. When carrying 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.

Sample Filing System

Listed below is one possible method for setting up a home filing system.
Adopt a system that fits the Individual's/family's needs.

- 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
 - Others
- Correspondence
- Insurance Policies
 - Automobile
 - Disability
 - Health and Accident
 - Homeowner's or Renter's Liability
 - Life
 - Other
- Organizations
 - Church
 - Oklahoma Cooperative Extension Service
 - 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

What is 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 property owned, financial accounts, investments, insurance, and debt information.

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

A household record-keeping system should fit individual and family needs. An organized, meaningful, complete, and up-to-date system is a valuable tool.

Know the System

Finally, make sure more than one person in the family knows and understands the record-keeping system. In an emergency, someone else should be able to find needed records or other information quickly and easily.

For More Information

Refer to T-4151 and T-4152 in this series.

Developing a Household Operating Manual

Warranties, care manuals, and instruction booklets are an important part of a family's record-keeping system. An alternative to including this information in a home filing system is to use a loose-leaf notebook or household operating manual.

First, think about what categories might be needed, such as by room or by type of item (major appliances, home furnishings, personal care, yard care, etc.). Notebook tabs or oversize divider pages can be used to separate categories.

Next, place warranty information, care manuals, and instruction booklets in commercially available sheet protectors. As an alternative, store full-size materials "as is" and tape, paste, or attach smaller materials to stiff 8½ x 11 paper (uniformity of size helps in storage). Three-hole punch materials as needed. Place these pages in the notebook by category.

For each item, note the purchase date. The purchase date can indicate whether the warranty is still in effect. It also may help locate the sales receipt, relevant canceled check, or contract (if purchased on credit). Consider attaching the receipt directly to the warranty or to the page, rather than storing it elsewhere.

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 is a good idea to keep vehicle warranty information and the owner's manual in the vehicle's glove compartment. However, keep a list of dates when repairs were made and a brief description of those repairs (to compare with the vehicle's suggested schedule of maintenance) in the household operating manual.

After locating all the essential information and organizing the individual pages into categories, review the notebook. It may be necessary to change some categories or further divide them into sub-categories. Organize the notebook so that it is easy to access the information when it is needed.

Keep the care manual and instruction booklet as long as the item is kept. The warranty can be discarded after it has expired, unless it provides information about company addresses and how to obtain repairs. Do not forget that some purchases may have extended warranty coverage, such as those purchased with credit cards offering this service. Remember also to update the notebook or files as purchases, repairs, and services are made.

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