

Four Tips For Organizing Your Finances

In our busy lives, it's sometimes tough to corral our financial records. Bills, paycheck stubs, tax returns, and bank statements can disappear into dusty attic corners and bulging desk drawers. Important insurance policies can hide out beneath bins of holiday ornaments and electrical supplies. Mortgage documents can sneak into old books or ensconce themselves in nooks and crannies throughout the house.

Take the time now to coax those papers out of hiding. Here are four suggestions for getting organized.

1. Find a system that works for you. Many people use a computer program such as Intuit's Quicken or Microsoft's Money to track everyday spending and bank accounts. Others use pencil, paper, and a shoebox. Some people use hanging file folders, labeled for various expenses and accounts; others scan documents into a computer; others use storage bins. The key is to use whatever system makes sense to you and helps you maintain your finances with a reasonable amount of effort.
2. Dedicate a space and a time. To ensure that bills are paid on time, bank statements are reconciled, and important documents are properly filed, set aside a specific location in your home for financial tasks. It may be a place where you keep a computer or filing cabinets or shoeboxes. Once that area's set aside, pick a time each week (or each day, if you're really zealous) to pay bills, enter financial information into check registers, and organize documents.
3. Keep the important stuff in a safe. Don't leave your only copies of wills, tax returns, stock certificates, or emergency contacts in a pile on the desk. Such documents should be tucked away in a safe deposit box or home safe. Ask your attorney or financial advisor to store the signed copy of your will in a secure location.
4. Don't keep documents forever. Many papers (such as regular household bills) can be shredded soon after receipt. Other documents, such as those supporting the cost of investments and real estate, should be retained longer for tax purposes. A good general rule for tax returns (and documents that support the returns) is seven years. When it's time to discard those old pieces of paper, fire up the shredder.

If you'd like additional guidance in organizing your finances, contact our office at (888) 388-1040.

NOTE: This article is written to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

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