

Is your fiscal house in order?

By Maria T. Olia/ Finances
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You recently spent an hour tracking down the warranty for your almost new (but now broken) hot water heater. You apply for a home equity loan and are not quite sure of your spouse's student loan balance and you have a vague feeling that you are paying too much in taxes, but are unsure about taking some deductions because you don't keep the documents to back up your claim.

For some families searching through piles of papers on the dining room table and an overflowing kitchen junk drawer to pay the bills is a monthly routine. But it doesn't have to be

this way-with a little organization and a few simple tools you can control the family paper chase.

Know What You Have - Figure Out What You Need

Household record keeping is a critical, and often neglected, aspect of providing security for the family.

A good financial record system is especially important in the case of disaster such as a burglary, an unexpected death or illness says Bob Soler, a financial representative with the Bulfinch Insurance Agency in Needham. He finds that most clients don't like to review their financial picture. "Younger families are less experienced and think that nothing will happen to them. But it is really important that young families be prepared and protected."

William Rucci, partner of the CPA firm, Rucci, Bardaro & Barrett in Malden, says that at a bare minimum parents need to think about how easy or difficult it would be for other members of your family to figure out your financial record system - especially where financial records and the contact information for financial and legal advisors are located.

Organizing your family records gives you better control of expenses on an everyday basis. You won't pay a late fee for preschool tuition because you forgot to pay the bill. Saving receipts and organizing your cancelled checks gives you the back-up you may need for some tax deductions. Plus, being able to locate your kid's personal documents such as their social security number for filing a

medical claim and having a ready copy of their birth certificate for Little League sign up can go a long way in preventing general family chaos!

Pay Attention to Details, Details ...

Using the online banking service from your local bank or a computer-based home finance program such as Quicken can help some families with paying bills on time. Rucci says that the programs are "Short money up-front, easy to use, will even reconcile your checking account, and provide great records at tax time."

For those who prefer a more low-tech approach to bill payment, Judy Hersh a professional organizer and owner of All Together Now in Newton, stresses that bills should go immediately from the mailbox into a "bills to pay" file. Make a note in your calendar of bill payment dates. "You can even mark up your calendar for the entire year." Hersh advises streamlining the bill paying process by using fewer credit cards.

Create An Easy Home Office System

For many families, standard letter file folders and a file cabinet provide a home record keeping solution that is both flexible and efficient.

To organize financial and family records, Hersh recommends dividing files into three parts: current, intermediate and long-term. A color code for each section gives a strong visual cue.

Current files should be very accessible. "Some people prefer portable boxes, so you can bring them to the table and file as you pay each bill." Current files include unpaid bills and checking account statements.

Intermediate files are for the papers used less often such as, investment and insurance files, family health records, summer camp information or receipts for tax deductible expenses.

Long-term storage, often referred to as "dead" storage, are papers you need to keep, but seldom look at, such as tax files from previous years.

An accordion file is great for all those odd-size warranties and manual booklets. Hersh says that having a "Table of Contents" list of file names taped to the front of the file cabinet is helpful.

Remember the Really Important Stuff

Documents that are difficult to replace such as your marriage certificate, your child's birth certificate, the deed to your house, a copy of your will, savings bonds, and a household inventory, including pictures of valuables, should be kept in a safe deposit box at a bank.

Hersh suggests maintaining a "Vital Records" file at home which lists what is in your safe deposit box, the contents of your wallet, copies of important documents such as birth certificates and passports, and contact information for financial and legal advisors.

Obtain Handy Information From Your Credit Report

Regularly reviewing your credit report for credit errors is an important part of sound financial management, says Rucci.

One of the over-looked advantages of having a current copy of your credit report is that the account numbers and contact information for all your debts- mortgage, student loans, car loans, credit cards and your assets- savings, checking and mutual fund accounts, are in one easy-to-read document. Place your credit report in your vital records file. It is useful for back-tracking in case of identity theft and helpful as a basis for filling out financial applications throughout the year.

Currently, Massachusetts residents can order one free credit report once a year from each of the three national credit reporting agencies. Check out Equifax (www.equifax.com), Experian, (www.experian.com) and Transunion (www.transunion.com) for instructions on how to order your free credit report by phone or mail.

Moving Forward

Finally, a cumbersome household record keeping system doesn't work for anybody. Learn to purge. Make it a yearly habit- in January or after tax season- go through your files and discard what you no longer need. Update vital record information and be sure to review any changes with your family.

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