

MANAGING HOUSEHOLD RECORDS AND DOCUMENTS:

SECURITY AND NECESSITY

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Managing Household Records

When was the last time you couldn't find an important paper you knew you had carefully put away? How do people decide where to store and keep such records? And how do they know what to keep, what to throw away, and when? Do you have a simple system or [roadmap for important papers](#) to which you or a loved one can refer to in case of an emergency?

Every household must work out its own records management system, but some general guidelines can help. A good system will provide an overview of what happens to property after a major life event occurs.

Active File

First, gather your important papers and important documents from throughout your home. Put these documents into three piles: an active file, dead storage, and items to discard or shred. The active file should include documents and financial records you deal with on a regular basis and need to refer to. Keep these readily accessible at home:

- Appliance manuals, warranties and service contracts
- Bank statements
- Bill payment receipts
- Bills awaiting payment
- Credit card information
- Education records, diploma, transcripts, etc.
- Employment records
- Family health records, including vaccination histories
- Health benefit information
- [Household inventory](#)

- Income tax working papers
- Insurance policies
- Loan statements and payment books
- Password list
- Receipts for items under warranty
- Safe deposit box inventory (and key)
- Tax receipts, such as those received for charitable deductions

Dead Storage

All active file papers over 3-years-old are considered dead storage. This may not necessarily apply to everything—for example, appliance manuals that you use frequently should stay in the active file.

Items to Discard

- Cancelled checks for cash or nondeductible expenses
- Expired warranties
- Pay stubs, after reconciling with W-2
- Other records no longer needed, such as those that were replaced by newer versions, manuals of appliances that you've replaced, etc.

How Long to Keep Documents

Document	How Long to Keep It
Bank statements	1 year, unless needed to support tax filings
Birth certificates, marriage licenses, divorce decrees, passports, education records, military service records	Forever
Contracts	Until updated
Credit card records	Until paid, unless needed to support tax filings
Home purchase and improvement records	As long as you own the property
<u>Household inventory</u>	Forever; update as needed

How Long to Keep Documents

Document	How Long to Keep It
Insurance, life	Forever
Insurance, car, home, etc.	Until you renew the policy
Investment statements	Shred your monthly statements; keep annual statements until you sell the investments
Investment certificates	Until you cash or sell the item
Loan documents	Until you sell the item the loan was for
Real estate deeds	As long as you own the property
Receipts for large purchases	Until you sell or discard the item
Service contracts and warranties	Until you sell or discard the item
Social Security card	Forever
Social Security statement	When you get your new statement online, shred the old one
<u>Tax records</u>	7 years from the filing date
Vehicle titles	Until you sell or dispose of the car
Will	Until updated

Create Your Filing System

Generally, your home file should include all the items you refer to frequently including bills, warranties, bank statements, etc. You'll also need a secondary storage location for your more important, difficult to replace papers, such as passports, vehicle titles, birth certificates, etc. A fireproof/waterproof safe may be one possibility, but it's better to store those records in a location away from home, such as a bank safe deposit box.

Organize your home filing system in a way that you can understand and manage. Choose one member of your household as file manager who will take responsibility for keeping the filing up-to-date and consistent. However, in case of an emergency, everyone in the household needs to be familiar with the system, including children old enough to understand how to use it. Develop and stick to a regular filing and paperwork schedule to avoid having to deal with backlogged papers. A few minutes once or twice a week should be sufficient.

Consider scanning and storing some documents electronically since it's best to save your important documents and files in a way that can easily be carried away and accessed later. Scanning will give you easy access to your documents and allow you to transfer them via e-mail and easily make back-up copies. Investing in an external hard drive for your computer and regularly backing up important documents will allow you to carry away the external hard drive at a moment's notice.

If you don't have the time or the desire to take these steps, or have realized that the task is too much to handle, consider asking a friend or family member to help you focus and give a fresh perspective. Or, you may want to consider hiring a professional organizer to provide structure, solutions, and systems, and help you gain a sense of control.

Safe Deposit Box

Once you have organized your documents, you'll want to consider getting an off-site storage location, such as a safe deposit box. Use the safe deposit box for originals, but remember, you'll still need copies at home if something tragic should happen to you and your safe deposit box gets sealed. Always seal documents stored in a safe deposit box in airtight waterproof containers (like Ziploc bags) to ensure they don't get damaged. If you'd rather keep your records at home, then get a fireproof/waterproof safe. A good rule of thumb is: Put documents in the box if you can't easily replace them or if you don't know what might happen if you don't have them.

If applicable, you should have official or certified copies of documents for your safe deposit box. "Official" means an original copy with all required signatures. Select documents, such as birth certificates, must also be certified or notarized to be considered valid. You can get most government records for free or at low cost from a government office or online at a government agency's website. If you are unsure whether you need a certified copy, or want more information about which local government office can give you originals of these documents, contact your [local consumer protection office](#). Consult your attorney before you put an original copy of your will in a safe deposit box—some states don't permit access after a person dies.

If you need to obtain documents regarding birth, death, marriage, or divorce for guidance. Be wary of companies that offer to sell you copies of official papers; you should check with

the appropriate government agency to see if they will provide the same information free or at a lower price.

Consider keeping copies of the following documents in a safe deposit box or locked in a fireproof/waterproof safe in your home:

- Adoption papers
- Advance directives*
- Birth and death certificates
- Citizenship papers
- Contracts of importance
- Deeds and property titles
- [Household inventory](#)
- Life insurance policies
- Marriage licenses and divorce decrees
- Military discharge papers
- Passports
- Powers of attorney*
- Social Security cards
- Stock and bond certificates
- Wills*

*Since the safe deposit box will be sealed at your death, keep a copy of your will somewhere accessible. The same goes for the advance directive and powers of attorney since you may not be able to give others access to the safe deposit box.

Grab and Go Kit for Emergencies

Disasters like floods, fires, earthquakes, and tornadoes strike without warning and can affect anyone. Your number one priority in these situations is making sure your family is safe—not finding your most recent copies of insurance policies or bank statements. An easy-to-grab [emergency financial records kit](#) will make sure you have access to important documents in case the unexpected happens to you.

What Documents Should You Have Ready?

Store the documents in an accordion file and keep it in your [emergency supply kit](#) so that everything you need is together. Items you should put in the kit include originals or copies of:

- Birth and marriage certificates, divorce decrees
- Social Security cards of household members
- Driver's license and other wallet cards
- Will and/or trust documents; powers of attorney
- Recent income tax return
- Passports and/or other identity documents
- Military discharge papers
- A list of your prescriptions: name of medication, dosage, pharmacy

Other important papers include:

- Contacts for family members, employer, financial advisors, attorney, accountant, and banker
- Insurance policy information
- Bank, credit union, and credit card account list
- Summary of personal, financial, property, and other vital information

Other items to consider including:

- Safe deposit box keys and/or safe combination
- Computer user names and passwords; CD with relevant personal, financial, legal files
- Some emergency cash

Remember that these documents contain personal information like social security numbers and bank account information that could be used against you if it fell into the wrong hands. Be sure your emergency financial records kit is stored in a secure location in your home so it is easy for you to carry away in a disaster not for a thief to carry away in a robbery.

DEED AND TITLE FRAUDS

Beware of companies that pressure you into buying a certified copy of your title or deed. You do not have to use a private company to obtain a certified copy of the deed to your home. In many states you can obtain one from your local Register of Deeds for free or at a low cost. Some companies may even cite government agencies as the reason you should buy the deed from them. Don't believe it. The government does not endorse any company selling these products.