

Money management TIPS for young families

Newsletter 5

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A BUSINESS CENTER

Now that you have a spending plan and are busy keeping records to make sure your spending is in line with the plan, you are well on your way to managing your money effectively. It is time to look at the efficiency of your financial operation in general. What do you do with all of that paper work? Can you find what you need with a minimum of time and effort? A good work center may help you answer “yes” to both of these questions. Building that work center is the topic of discussion for this month.

A business center or work center for your financial affairs need not be fancy. You may need to work on the kitchen table from a file box stored in a coat closet. But even such a system needs to be backed up by organization and adequate storage and supplies to make it efficient. If you have lots of room, the ideal situation is to have a desk or table that is used only as a business center. This area should also have an adequate lamp, a wastebasket, office supplies, maybe a telephone, typewriter, or computer and hopefully a calculator. A simple inexpensive calculator is a tremendous boost in financial figuring.

In addition to work space, you need storage space. A cardboard file box from an office supply store or a drawer in your desk or file cabinet is a must for current records. Cardboard file boxes are also useful for storing “historical” records that are kept as evidence for past tax returns or in case they are needed. If your financial affairs are complex, you may need several of these boxes for all of your records.

After establishing a work space and storage space, you are ready to develop a system for handling day-to-day papers and records. Work out a pattern that fits your family and space. One way is:

- A. File boxes labeled (1) General mail (2) Bills to pay (3) Paid bills.
- B. An account book to record financial transaction.
- C. File box or file cabinet to store financial records and transactions as listed in II under Suggestions for Mastering the Home File System.

As bills are paid, record them and put them in file. Or if you have a computer, a good software program will help you track year spending. You will still need to keep receipts for paid bills.

Try to process bills and other mail by handling each piece only once (or as few times as possible). It goes into the “to pay” box when received. Then, when processed, it goes through the system to storage (file).

There are costs involved in getting set up. You may have to give up space from something important to you in order to have adequate work space. Also, it does cost something to obtain supplies and equipment to put together an efficient system.

Get your act together. Evaluate what you have. Put together what you need. Insist on the best facilities and the best system you can devise because you have much work ahead - and you need a good place in which to do it.

SUGGESTIONS FOR MASTERING THE HOME FILING SYSTEM

I. Step one deals with setting up a home filing system.

A. Organize:

You will need a waste basket and file folders marked:

1. To file
2. Financial
3. Your spouse's name (if you have one)
4. Things to do

B. Sort – divide your mail according to what has interest and value.

1. Throw away the “no interest pile”.
2. Divide what you're saving into reference and action piles. Put the reference pile into the “To File” folder.
3. Divide “action” pile further. (a) Things having to do with spending money go into the “Financial” folder which is handled once a month; (b) Things to discuss with spouse go in his folder; (c) Other “action” materials go in “Things to Do” folder.

B. Follow Through

1. Discuss items with spouse and file as needed.
2. Deal with “Things to Do” folder and eliminate piece by piece.

After a while the rhythm of sorting and dealing with paper becomes natural to you and you'll lose your fear of the paper blob.

II. Step Two deals with the fine art of Filing and Finding again.

Important papers will be placed in labeled file folders.

Use the following household file guide or make one that is appropriate for your family.

SUGGESTED HEADING	SUGGESTED CONTENTS
Auto Insurance	Details of auto insurance coverage held (insurance policies in safety deposit box) Record of traffic violations and accidents. Auto registration receipts (ownership certificate in safety deposit box)
Banks	Canceled checks, bank statements
Budgeting	List of goals Income statement Forecast of income and expenses Forecasts for short-term & long-term goals Old budget control sheets
Care Instruction Booklets	Care instructions - all care and installation booklets relating to appliances, etc.
Credit Records	Papers showing resolution of prior debts; Credit card numbers, names and addresses - See Publication FL5209 "Credit Cards"
Employment Information	Employment contract, if any Employee handbook Fringe benefits information
General	Personal information sheets List of items in safety deposit box Copy of Will - original should be with lawyer or in safety deposit box.
Health Insurance	Insurance policies or details of present health coverage, including employee plans Current medical history for each family member List of drugs to which each family member is allergic
Housing	Purchase contract and receipt (deed in safety deposit box) Mortgage papers - Title insurance policy Property tax receipts - Termite inspection & policy Copy of lease or rental agreement Home improvement receipts (including landscaping expenses)
Investments General	Goal planning sheet Annual balance sheets List of bank accounts

Investments Mutual Funds	Records of purchase and sale of mutual funds (Keep mutual fund shares with broker, with the mutual fund transfer agent, or in a safety deposit box)
Investments Stocks and Bonds	Records of purchase and sale (All stock certificates and bonds should be kept either with broker or in safety deposit box) Records of stock dividends and bond interest List of stock certificate numbers and dates of issue (if you keep certificates in safety deposit box rather than with broker) Transaction slips and monthly statements (annual envelopes)
Life Insurance	Details of insurance policies owned, including employee group plans (insurance policies in safety deposit box)
Net Worth Statement	A copy of your Net Worth Statement - dated
Personal Resume	Details of previous education; years, major, degree(s), major professors and advisors with addresses Employment record: job titles, dates, responsibilities, supervisors' names and addresses Residents record: dates and addresses
Property Insurance	Details of property insurance coverage (insurance policies in safety deposit box) Personal property inventory (copy in safety deposit box) Pictures of highly valued items (negatives in safety deposit box)
Tax	Purchase receipts, interest payment records, charitable gift, confirmations, medical expense records, etc. Tax forms, schedules and supporting data for past four to ten years Quarterly estimated tax forms W-2 forms, 1099 forms and so on All canceled checks for last seven years
Warranties	All warranties relating to appliances, tires, carpets, etc. Receipts Repair instructions

Next month's Tip - A SAFE DEPOSIT BOX

For further information or assistance contact me _____ your county Extension agent, at _____.

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