



K-State Research and Extension

HOUSEHOLD RECORDS: WHAT TO KEEP AND WHERE

*“Knowledge
for Life”*

Household Records: What to Keep and Where

Are your household records in order? If not, now is a good time to get organized. Recordkeeping isn't a well-liked task but can save you frustration, wasted time and financial loss.

Why keep records?

Organized records can mean the difference in financial gain or loss. Your personal finances are like a mini-business and deserve to be operated efficiently. You need organized records for the following reasons.

1. So your spouse, your children or your executor will have easy access to information needed to settle your estate if something happens to you. Then your heirs can claim benefits rightly theirs and avoid long waits.
2. So you can readily prove fire or theft losses and thus save time and money in processing your insurance claims.
3. To provide proof of transactions.
4. So you or other family members can find documents on short notice in case of an accident, illness or other emergency.
5. To prove value, payment, cost of ownership.
6. To provide a summary of your financial situation to aid in financial planning, preparation of estate plans, net worth statements, investment and retirement plans.
7. For protection in case official records are destroyed.
8. In a divorce, to prove which is separate and joint property.
9. To prove ownership in a lawsuit or a fight over the inheritance of property.
10. For income tax preparation. They can help save money on taxes, and may be needed during a tax audit.

This recordkeeping guide can help you develop a personalized and efficient system for organizing and safeguarding important family papers. Also, use it as a guide for deciding what items to keep, the reason for keeping them, how long you need to keep them, and where they should be kept.

HOW TO ORGANIZE YOUR HOME FILING SYSTEM

An organized filing system is essential to good recordkeeping. Just tossing receipts in a drawer or shoe box isn't always enough. An organized home bill paying center will help you manage your family financial matters better. Keep all of your family records and business correspondence in one location. Have a specific place to keep bills until they are paid.

The bill paying center may be elaborate or simple. The type doesn't matter as long as you can find what you need when you need it. Here are some items to keep in your bill paying center that will make bill paying easier.

| | |
|------------------|------------|
| Home budget book | Calendar |
| Gem clips | Stapler |
| Postage | Calculator |
| Envelopes | Computer |
| Shredder | Stationery |
| Pencils/pens | Checks |

GUIDE TO HOME FILING SYSTEM

Where do you begin organizing your home filing system? Some categories and headings for filing systems are listed below. It is not intended to be a complete list. You may not want a separate file folder for all items listed. This list is intended as a guideline that you can adapt to your needs. You may wish to consolidate some of the suggested items, use different headings or groupings, and include other items. For example, you may want a divider for insurance or you may want to file insurance papers under separate headings of "auto," "home," or "health."

Addresses - Dates

Business
Personal
Christmas card list
Birthdays
Magazine subscriptions

Autos and Vehicles

Titles
Maintenance-Repair
R.V.'s
Boats

Bank Records

Checking accounts
 canceled checks
 deposit receipts
 bank statements
Savings accounts
 location of books
 deposit receipts
 interest payment records
Safety deposit box
 (location and list of contents)
Credit cards and installment payments
 Record of cards owned
 Number of each card issued
 Company name, address, phone number
 and account number
 Keep a file for each card
Charge accounts
Installment agreements
Loan contracts

Correspondence

Business
Personal

Housing

Mortgage payments
Lease and rent payments
Capital improvements
Household Inventory
 (second copy in safe deposit box)
Utilities
Floor plan
Wiring diagrams

Income Tax

Previous returns
Current year information

Insurance Policies

Automobiles
Health and accident
Disability
Homeowners
Life
Other

Investments

Annuities
Stocks and bonds
 (location, number of shares, dates
 purchased)
Real estate investments
 (location, income, expenses)
Other investments

Organizations - Clubs

Civic
Business
School
Church

Equipment and Appliances

Guarantee and warranties
Instruction manuals
 Range, refrigerator
 Air conditioner
 Heating
 Laundry
 Small appliances
 Personal care appliances
 Outdoor - lawn mower, etc.
 Recreation equipment
 Camera
 Entertainment - TV, VCR, Stereo
 Other

Financial Records

Business expenses
Budget
Master list of important information
Net worth statement
Record of earnings
Record of expenditures
List of financial advisors
Loan contracts
Property tax records
Sales receipts and paid bills
Gifts and contributions
Educational expenses

Personal Records

Educational records
Health records
Marriage license
Medical and dental records

Pet papers
Military records
Wills, copy of
Birth certificate
Death records
Divorce papers

Reference Material

Cleaning
Crafts or hobbies
Gardening
Home furnishings
(care and purchase information)
Laundry - hang tags, stain removal
Maps
Vacations
Magazine subscriptions and articles
Nutrition
Others of interest to you

What Records Should I Keep For Tax Purposes?

You must keep records so that you can prepare a complete and accurate income tax return. The law does not require any special form of records. However, you should keep all receipts, canceled checks or other proof of payment, and documentation to support any deductions or credits you claim.

If you file a claim for refund, you must be able to prove by your records that you have overpaid your tax. (IRS, 1999, p. 19).

How Long To Keep Records.

You must keep your records for as long as they are important for the federal tax law. Keep records that support an item of income or a deduction appearing on a return until the period of limitations for the return runs out. A period of limitations is the period of time after which no legal action can be brought. For assessment of tax you owe, this is 3 years from the date you filed the return. For filing a claim for credit or refund, this is 3 years from the date you filed the original return, or 2 years from the date you paid the tax, whichever is later. Returns filed before the due date are treated as filed on the due date.

If you did not report income that you should have reported on your return, and it is more than 25% of the income shown on the return, the period of limitations does not run out until 6 years after you filed the return. If a return is false or fraudulent with intent to evade tax, or if no return is filed, an action can generally be brought at any time.

In real property transactions, the basis of new or replacement property may depend on the basis of the old property. Keep the records of transactions relating to the basis of property for as long as they are important in figuring the basis of the original or replacement property.

You should keep copies of tax returns you have filed and the tax return documentation as part of your records. They may be helpful in amending filed returns or preparing futures ones.

WHERE SHOULD YOU KEEP YOUR RECORDS?

You can save yourself future time and money if you gather your important records, track down the ones you're missing, throw away those you don't need and file what's left in its proper place. You don't have to do the whole job in a day or even a week. Tackle it a chunk at a time.

Before you set up your recordkeeping system, decide who will do the recordkeeping and where it will be done. Encourage all family members to save financial information, such as receipts, and know how to use the files. A person with the skills and interest to handle the job will want to take leadership. Develop a regular schedule for bookkeeping and stick to it.

Your records can be divided into several categories:

1. records that need to be kept in a safe deposit box or fireproof strong box
2. current financial records that you keep at home
3. permanent records that you keep at home
4. records to carry with you

A Safe Deposit Box

Certain records are difficult or impossible to replace. Keep them in a safe deposit box at a financial institution or at home in a fireproof box. You need to keep things like your car title, birth certificate, marriage certificate, and will in your safe deposit box.

Current Financial Records

File current records in a metal file cabinet, accordion file or cardboard box. Choose a location to store your financial records that is convenient and easily located. It's ideal if there's a work place nearby also.

Permanent Records

At the end of your recordkeeping year, clear your current files. Throw away items that are no longer of any value, such as sales receipts for groceries. Move important papers to your permanent file. A good time to clean your files is when you prepare your income tax return. As you look for tax items, throw away items you no longer need and transfer items you may need in the future to your permanent files. Keep items such as tax returns and bank statements.

Records To Carry With You

Certain records need to be with you at all times. You need to carry records such as credit cards, driver's license, and insurance cards with you in your wallet. Your insurance card, auto license receipt, and emergency information in case of an accident can be placed in a storage compartment in your car.

WHAT GOES WHERE?

One of the big recordkeeping problems is knowing what to keep, where to keep it and what to throw away. Here are some guidelines to help you decide.

WHERE YOU SHOULD KEEP RECORDS AND PAPERS*

| Item | In a Safe Place | Filed at Home | | With You Purse or Billfold |
|--|---------------------|-----------------|----------------------|----------------------------------|
| | Safe Deposit Box | Current File | Permanent File | |
| Account books | | X | X | |
| Adoption papers | X | | | |
| Auto license receipt | | | | X (in car) |
| Auto title and bill of sale | X | | | |
| Bank statements | | X | X | |
| Baptism and confirmation certificates | X | | | |
| Birth certificates | X | | | |
| Canceled checks (for year) | | X | | |
| Canceled checks - for payment of taxes and other important purposes | | | X | |
| Citizenship papers | X | | | |
| Contracts - installment (and for six years after paid) | X | | | |
| Copyrights and patents | X | | | |
| Credit Cards | | X (list) | | |
| Death certificate | X | | | |
| Driver's license and insurance card | | | | X |
| Employment record | | | X | |
| Government savings bonds | X | | | |
| Guarantees, warranties, instruction books | | X | X | |
| Health records | | | X | |
| Identification - name, address, whom to notify, special health information, doctor and hospital preferred. | | | | X |
| Installment notes | X | | | |
| List of insurance policies | X | | X (actual policy) | |
| Letter regarding government insurance awarding compensation for service incurred disability | X | | | |
| Marriage, divorce and custody papers | X | | | |
| Military discharge papers and records | X | | | |

| Item | In a Safe Place Safe Deposit Box | Filed at Home | | With You Purse or Billfold |
|---|--|---------------|----------------|----------------------------------|
| | | Current File | Permanent File | |
| Organization membership | | | | X |
| Real estate papers Abstracts Deeds and mortgages Periodic receipts | X X | X | X | |
| Receipts and receipted bills (important ones should be for six years) | | X | X | |
| Social Security card Top portion Bottom portion | X | | | X |
| Stock Certificates, other investments | X | | | |
| Tax returns Income tax Property tax | | | X X | |
| Wills, gift records, trusts | X | | | |
| Living will, durable power of attorney for health care, statutory financial power of attorney | | | X | |

* An explanation of each record follows this table.

**RECORDS TO KEEP IN SAFE DEPOSIT BOX
OR FIREPROOF STRONG BOX**

| Item | Suggested Uses |
|--|--|
| Adoption papers | Need to apply for social security, inheritance benefits, pension compensation, other benefits. |
| Automobile title (Truck, motorcycles, etc.) | Evidence of ownership, essential for transfer to new owner when car is sold. |
| Automobile bill of sale | Contains motor number, serial number and other important information. You will have necessary information if auto is stolen or if you use it as collateral for a loan. |
| Birth certificate | A copy may be kept at home. To prove ages to start school; to register for little league, for obtaining some jobs, to obtain driver's license, for marriage license, to qualify for Social Security benefits, to obtain passports. |
| Church records | Baptismal and confirmation certificates. Acceptable evidence of birth date when obtaining a delayed birth certificate. |
| Citizenship papers | To obtain certain types of jobs; to obtain passports, prove eligibility to vote. |
| Contracts, notes and debts | Evidence of what you owe or what is owed to you. Important for interest deductions on tax return and to indicate fulfillment of contract terms. If someone owes you money, you may not be able to get debtor to sign another note if lost or destroyed. Make a memo of money lent without a formal note. Survivors may not be able to collect, but they can try. When debt is repaid, cancel note immediately so heirs won't try to collect. |
| Copyrights and patents | Proof of ownership rights. |
| Custody papers | To prove legal guardianship of children. |
| Death certificate | Need for identification to receive social security, veteran, pension and insurance benefits. |
| Divorce records | To clear legal requirements for remarriage or apply for Social Security benefits on spouse's record. |
| Gift records | Keep records of substantial gifts to others. This includes cash, property, art, cars and jewels. |
| Government savings bonds | Keep written record at home of issuing date, complete serial number, denomination, co-owner (if any), and (after redemption) amount received. Need for 1) income tax; 2) for gift tax report if you give it away; 3) for ease of replacement in case of loss. |

| Item | Suggested Uses |
|--|--|
| Household inventory | Write down the date purchased and personal possessions you buy or receive as gifts during the year. Transfer this information once a year to your complete household inventory in a safe deposit box. Include snapshots or video of rooms and sales receipts proving cost of major items. Need in case of fire or theft to prove to insurance company exactly what you had. Makes it easier to recover losses. Need for determining net worth, when determining insurance needs, applying for loans, settling divorce, applying for adoption or planning financial future. |
| Investments | Keep a list of savings accounts, stocks, bonds, real estate and other investments along with location and numbers at home. Keep investments, including stock and bond certificates, in your safe deposit box. Keep complete records of when they were bought and sold, at what price, and commission paid. Need for estate and income tax purposes. |
| List of insurance companies, policy numbers, name of each insured, and agents. | Policy can be easily replaced by company but all information concerning policy is vitally important. Keep policies in home file. |
| Marriage records | For proof of marriage, to obtain driver's license (if female changes last name to spouse's name), to collect insurance, to collect social security, to settle estate. |
| Military service records | Records you need to keep to qualify for veteran's benefits include: medical treatment or disability papers. Some authorities recommend that discharge certificates be recorded by county or city clerk to create additional official record in case the original is lost. Include all documents connected with the GI Bill for education. |
| Passports | If your passport has expired, keep it anyway. It will help you get a new one. |
| <p data-bbox="196 1247 394 1283">Real estate papers</p> <p data-bbox="261 1310 358 1346">Abstract</p> <p data-bbox="261 1373 500 1409">Deeds and Mortgages</p> | <p data-bbox="605 1310 1097 1346">Keep until property is sold to prove clear title.</p> <p data-bbox="605 1373 1414 1528">Keep title, property insurance policy, receipts for payments on mortgage. Keep records of improvement to compute capital gains or losses. Record day, month and year you acquire or sell property, gross sale price, depreciation, legal fees and expense of sale. Need for income tax and estate tax purposes.</p> |
| Retirement records | Needed to collect benefits. Keep notes on pension or profit sharing money you have. Keep IRA and Keogh documents and information on where assets are invested. |
| Social Security card | Keep copy of card or number from card. |
| Wills and trust documents | Keep original in safe deposit box. Keep a copy in strong box at home. Essential for most satisfactory settlement of estate. Leave copy with attorney who drew it up or with bank trust department. |

RECORDS TO KEEP AT HOME

| Item | Suggested Uses |
|--|--|
| Account books | Record income and expenditures for reference and comparison. Useful to determine net worth. |
| Death records | Location of burial plot, where deed is kept, arrangements for care of lot. Any final instructions with regard to your funeral, donating organs for transplant or other personal requests. Date and place of death of family members, where buried. |
| Education and employment | Keep on file all permits, licenses, proficiency certificates, resumes, information on union membership and names of past employers. Need when seeking employment. Evidence of qualification for certain work. Evidence of reliability and tenure. Used to determine retirement benefits. |
| Employee benefits | In current file, keep company booklets explaining your benefits. |
| Financial advisors | List of names, addresses and telephone numbers including your banker, broker, lawyer, accountant, insurance and real-estate agents and the employee-benefits counselor at work. |
| Guarantees and warranties | File for proof of date of purchases; to determine service and parts guaranteed. Keep until no longer valid. |
| Health records | For each family member: record of immunizations, blood type, dates of major illness, surgery, hospitalizations, check-ups, and physicians having record of each. |
| Instruction manuals | Keep instructions on how to operate appliances and other products, and where they can be repaired. Discard when out of date. Read and file use and care instructions for clothing, fabrics and furniture. |
| Insurance policies Property-automobile boat, homeowners Life Health, accident and disability Mortgage, credit information | <p>Keep current policies in your filebox or fireproof strong box. Keep old policies in permanent files. If a claim for an old injury that occurred on your property is filed against you, you may need proof of earlier coverage.</p> <p>Keep policy, along with any change of beneficiary, correspondence with company and proof of ownership if you transfer policy to someone else.</p> <p>Keep policy, along with any change of beneficiary, correspondence with company and proof of ownership if you transfer policy to someone else.</p> <p>Keep list of debt information such as who money is owed to, how much is owed.</p> |
| Keys | To reduce the frustration of lost keys, put extra keys in labeled, sealed envelopes inside file folder. |

| Item | Suggested Uses |
|--|--|
| Master list of important information | Enter all of your important documents, the identifying number and where they can be found. Include all family, property, financial and tax records. Also include where safe deposit box key is located. |
| Tax records | Keep tax returns, proof of income received and receipts or canceled checks necessary to substantiate tax deductions for at least three years from due date of return. Normally IRS doesn't audit your taxes once three years have passed. IRS has six years to access extra tax if your actual income is 25 percent more than reported income. You can be audited anytime in case of fraud or where no return was filed. There is no statute of limitations. |
| Bank records | Keep all bank statements, canceled checks, savings passbooks and correspondence in your current files for current year. Keep all old check stubs and bank statements, passbooks and canceled checks in your permanent files. Canceled checks can prove you paid for home improvements so you can reduce capital gains tax. |
| Business expenses | If you are eligible to claim business expenses, you need a diary to substantiate deductions. Enter expenses daily in a diary and attach receipts. |
| Casualty and theft losses | Keep records of casualty and theft losses due to vandalism, fire, storm, flood, accidents or similar causes. |
| Credit cards, mortgage loans, installment purchases, charge accounts | Keep statements in current file to tell how much you owe, if payments are properly credited and amount of interest paid. Keep a list of company name, address, phone number and account number for each credit card. In case of loss or theft, notify nearest company office by telephone or telegraph. Give your name, address, card number, where and when you think it was lost or stolen - and whether you reported loss to police. Follow up with a letter giving same information. |
| Employee education expenses | If your education meets qualifying education requirements, you can deduct your educational expenses if you itemize your deductions or if you are self-employed. The education must: 1) Be required by your employer or the law to keep your present salary, status, or job (and serve a business purpose of your employer), or 2) maintain or improve skills needed in your present work. |
| Gifts | Keep receipts for tax deductible, charitable contributions in your current file. You may deduct unreimbursed out-of-pocket expenses incurred as result of charitable activity. |
| Medical and dental expense | Keep receipts for medical expenses in current files to prove any deductions you may be eligible to claim |
| Rental property | Keep complete records of all expenses and current income from rental property in current files. Keep records of previous years in permanent files. |
| Safe deposit box rent | Tax deductible if you use the box to store taxable-income producing stocks, bonds or investment-related papers and documents |

RECORDS TO CARRY WITH YOU

| Item | Suggested Uses |
|---|--|
| Automobile license receipt | Must have to purchase new license plate. |
| Automobile insurance card | To prove you have automobile insurance. |
| Credit card | Identification. To charge purchases. |
| Driver's license | Identification and evidence of legal ability to drive. |
| Identification name, address, whom to notify, doctor and hospital preferred Medicare or insurance card blood type special health information diabetic epileptic allergies | Personal information and persons to contact in case of emergency. Name, address and telephone numbers in case emergency treatment is needed. For identification to receive benefits when admitted to hospital. Emergency treatment. Place note in household files for ready reference in case of loss. Emergency treatment Emergency treatment Emergency treatment |
| Organization membership | Identification and proof of membership. |
| Social Security card | Identification. Number should be listed at home. Keep a copy of card in safe deposit box. |

*Keep anything you can't replace or would be costly or troublesome to replace in your safe deposit box. Keep list of safe deposit box contents at home.

SUMMARY

Take time to organize your household records now. You can save frustration, wasted time and financial loss in the future. Develop a system that works for you so you can safeguard your important papers. Organize your household recordkeeping system so you know what to keep, where to keep it and how long.

REFERENCE

Internal Revenue Service. (2004). 2004 Tax guide for individuals (Publication 17). Washington, D.C. www.irs.gov.

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