

Getting Your Financial House in Order

You've put away the holiday decorations, rearranged closets to accommodate holiday gifts, and the days are getting longer. This is a perfect time to organize your financial information to get a jump start on tax preparation and spring cleaning. And wasn't that on your New Year's Resolution list at one point, anyway?!

Marybeth Vigeland, certified financial counselor at The Village Family Service Center, offers the following suggestions to help you get started:

1) **BILL PAYING:** Designate a specific place in your household to put pending bills, other mail that needs action, ATM, debit card and credit card receipts. Even if you do everything on-line, set up an electronic file for pending bills. Designate specific times during the month when you pay bills and balance your checkbook. Then file the paid bills. Shred the receipts once you have reconciled them with your bank or credit card statements, unless you need to keep the receipt for tax, warranty or insurance purposes.

2) **ACTIVE FILES:** Have a current file box, file drawer or electronic file to keep information you need on a regular basis. Include recent utility, credit card or other bills you have just paid. Keep these bills up to one year but at least three to four months. As you file one bill, shred the oldest one in the file. Also start a file for next year's tax documentation to keep track of charitable contributions, paid medical bills and anything else you will need for preparing your taxes. As you are going through this year's tax filing process, think about what you are searching for and create a paper or a computer file to gather these items for the coming year. It may be useful to keep last year's tax return in this active file as you often need to refer to it for the following year's filing. In this active file, also keep current retirement account information, current medical information or any other items you refer to regularly.

3) **INACTIVE FILES:** These files can be stored as you may not need to access them often. Include previous tax returns (save the returns indefinitely but you only need to save supporting documentation for 7 years); documentation of paid car, mortgage or other installment loans; receipts or appraisals for major purchases or property which can be useful for insurance claims; documentation of transfer or sale of property such as vehicles or real estate; retirement account information, life insurance information; inventory of possessions; past employment information and resume; plus anything else you can have that you think you may need for future reference.

4) **FIRE-PROOF/WATERPROOF BOX OR SAFETY DEPOSIT BOX:** To store documents that are more difficult to replace, use a safe deposit box or fire-proof/waterproof locked box in your home. Contents may include: birth certificates, marriage license, death certificates, divorce papers, military discharge papers, passports, life insurance policies, wills, power of attorney and other legal documents. Make electronic and/or paper copies of these so you can access information easily if needed for an emergency. These copies can also serve as an inventory of what is in the box.

Destroy old life insurance policies, power of attorney and other documents that are no longer valid.

If you lost everything, would you know location and account numbers of your assets and creditors? Copy or scan important items and keep in another location in case of fire, flood or other catastrophe. Just make certain this electronic or paper file is in a safe place and not vulnerable to identity theft. Would your family be able to easily take care of your financial affairs if something happened to you? Annually update a financial statement and inventory of documents that states what you have and where to find it.

It doesn't matter what system you use as long as you have a system. In order for it to be successful it must be comprehensive but not too complicated. Most of all, consistently use it and update it!

If you would like help managing your finances, contact The Village Family Service Center at 1-800-450-4019 or www.HelpWithMoney.org. Village financial counselors can work with you in person, online or over the phone.

For more information contact:

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