Investment Management: Organizing your Investment Information

Investment management is a task that faces nearly all of us. One of the most difficult (and important) tasks of investment management is creating the system we use to organize it. What is it about financial information that makes us think we have to save it all? While some of it is important to keep for future reference, not everything is. This is where an investment management organizing system will help you.

When organizing your investment management information, check with your accountant on a time frame for saving specific financial information. Many will advise to save tax-supporting documentation for 5-7 years. Investment papers should be kept at least seven years or until the asset is sold.

Monthly Statements

It is likely that while organizing your investment management information you will have to deal with monthly statements. The easiest way to store monthly statements is in a filing cabinet, using hanging files. If you've got investments in several family members' names, be sure to include this information on the file tab. Starting out with the investment firm's name, also include type of account and individual's name:

Morgan Stanley—IRA—Susan

You'll be able to see at a glance the exact file where an item belongs.

Transaction Statements

Another part of your investment management system will be figuring out how to deal with transaction statements. These should be reviewed when they arrive and then filed for later reference. At tax time you'll need these to report gains/losses. File these along with your monthly statements.

Prospectuses

Investment management companies are required by law to send you prospectuses of each fund. Most people admit to rarely glancing at them. If your prospectuses are available online, you might choose to access this information online and toss the bulky reports. If you decide to hang on to these, use a box-bottom hanging file to give you the support and depth you'll need. When an updated prospectus arrives, recycle the previous one.

Annual Statements

You'll receive an annual statement giving you an overview of your account(s) and the transactions that occurred that year. This is an important document to save as you will need it to complete your income tax returns.

Going Green

If you opt for receiving your financial statements electronically it's important to have a file system on your hard drive to manage this information. Create a file for Investment Management Information and set up sub file folders supporting your accounts. Your hard drive files could look something like this:

Investment management is made much easier with a little organization. You are now ready to produce records at a moments notice. No more wasting time and energy looking for something that you may or may not still have.

By: Audrey Thomas