# 6 Tips for Organizing Financial Paperwork

Financial statements and documents seem to frustrate and confound people more than any other kind of paper. It's hard to know how to handle financial statements and paperwork, how long to keep it, and the best way to store it. The consequences for mishandling financial statements can be more severe if you make the wrong choice. So here are some simple guidelines to follow when dealing with your personal or financial statements and paperwork:

## See What You Have

The first rule of thumb when dealing with financial statements is to always look at it before you file it. You never know when there might be a problem that requires your immediate attention. Even if it isn't something serious enough to send you to jail, you could be losing money because of clerical errors that you missed. Always read your financial statements!

## Set Up Your Filing System

Organize regular bills and financial statements by the month or by the account (your preference). It is usually easiest to stick with either hanging files or an expanding file. When organizing by account, be sure to arrange documents in chronological order within each file so they are easier to find later on.

## Reconcile And File Receipts

In a perfect world, reconciling recent purchases is a 3-step process:

1. store receipts in an action file or poly envelope labeled "to reconcile"
2. as your bank and credit card statements come in, mark off each purchase
3. set aside any receipts that require further action (items you need to return or charge disputes)

Any receipts for major purchases should be stapled to the warranty or instruction manual and stored in a permanent

file. A classification folder with pocket dividers for each type of purchase (furniture, electronics, appliances, etc.) works perfectly for this purpose.

## Protect Your Investment Papers

Keep your monthly financial statements until you get the annual summary statement. Then you can shred all of the monthlies and file the summary in your permanent investment binder. If you have many different accounts, set up one binder per account or brokerage house. Your binder should also contain all trade confirmations for that account. This should show the cost basis for each buy or sell. Keep these items for as long as you have that investment. You may be asked to produce them when you finally cash everything in, to determine if you owe any taxes.

## Properly Store Your Bank Documents

If you still receive your cancelled checks back instead of a photocopy, keep those in a separate check file to save space. Deposit and ATM slips only need to hang around until you reconcile them with your financial statements – they can live in your action files until that point, and then can be shredded and recycled.

## Take Care Of Any Credit Card Issues

You have a limited time in which to resolve a dispute – usually 60 days – so it is important to take care of these issues in a timely manner. Once you have reconciled your financial statement, you can either file it (if you get a paper copy), or save it on your computer (if you receive your bill electronically).

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