

Get Organized For Financial Success

What is the best way to reach your financial goals? You might think with all of the *advice* we are bombarded with daily from the financial services industry the only way to achieve success is by having a complicated investment portfolio. You might be surprised to learn that financial success starts with organizing your financial and personal records. These documents verify what you own and what you owe, allow you to manage your day-to-day budget, assist in times of emergency, and help protect against legal issues.

The Simple System

Most of us know being organized is an important discipline for success in most areas of life. Unfortunately, many people avoid organizing because they think it will be too difficult, time consuming, or require creating a sophisticated "system". There are many ways to organize. The goal is to design a system that is easy for you and other household members to use and maintain. Here are some general suggestions:

Keep it simple. Remember, the purpose of organizing is to simplify your life. Choose a system that works for you and stick with it. Use a two-part filing system that includes an active file for current or frequently used records, and an inactive file for storage of past years' documents. Keep your active records in a file cabinet that is easily accessible and your inactive records in a file box in a safe area such as an attic. Each year, review your active file and discard any paperwork that you no longer need and transfer any documents that you may need in the future to your inactive file.

Maintain a master list detailing where records are kept and a list of important family advisers such as physicians, attorneys, and insurance agents. Keep one copy of this list in your safe deposit box or home safe. Documents that are frequently used, and can be replaced easily (tax returns, insurance policies, financial statements, and other records) should be kept in a home file. Documents that are not easily replaced (birth, marriage, and death certificates, proof of ownership of personal and financial assets, and legal papers) should be kept in a safe deposit box or home safe.

The Benefits

Although it will require an investment of time on your part, creating an organized record keeping system will, in the long run, *save* you time, money and effort and enable your family to access important documents on your behalf if necessary. It protects you and your family in legal and financial matters including proof of ownership, claims to collect insurance and other benefits, as well as disputing errors on credit cards or banking statements. It also helps you save money by tracking your finances and enabling you to take full advantage of available tax deductions and credits. Most importantly, it will simplify your life, reduce stress, and allow you more time to enjoy the things that are important to you. In fact, organizing your financial affairs may be one of the best investments you ever make.

Written by John Spoto 2009

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15 New England Executive Park • Burlington, MA 01803 • (781) 685-4928***