

# Keeping Records; What to Discard

**W**HO WAS IT that said, "Never put off until tomorrow what you can do today"? Perhaps it was Aristotle, or Confucius, or Abraham Lincoln. They were all wise men. We suspect that the author of these words (really Lord Chesterfield) had run into a snag with his family record system and was vowing to turn over a new leaf for the morrow.

Most of us could profit from this same advice, when it comes to family records. When, for example, was the last time you couldn't put your hands on an important paper you knew you had carefully put away someplace? How much time do you spend trying to straighten out your family business affairs, especially at income tax time?

How, in fact, do people decide what records are important to keep and what can be discarded? How do they decide where these records and papers should be stored? Even though each family must work out its own system, some general guidelines can be helpful. As a starter, you could ask yourself a few questions.

- How easy or difficult would it be for other family members to figure out your record system? Or do you have a system?
- Who in the family besides you knows where to turn for necessary information about the family assets and obligations? Do you have a listing of the people who are important contacts? For many families such a list would include: tax counsel, attorney, banker, broker, insurance representatives, employer, all creditors and debtors, perhaps others.
- Are you sure that title to family property and possessions is held in the best way for all concerned?

A good record system will provide a bird's-eye view of what happens to the property after you are out of the picture, or when your spouse dies. Other changes in family situations can alter your plans also, for example divorce or separation, children reaching the age of legal maturity, perhaps a long illness, accident, lawsuit, natural disaster, loss of job, retirement.

- What happens if your house is burglarized, or if there's a fire and records are destroyed, or if you just plain lose track of important papers? Which ones can be replaced, and how do you go about replacing them? Which ones cannot be replaced, and what do you do about these?

Every family has some important records. Each of us has a birth certificate, or should have an acceptable substitute. Since there are many occasions when the information on your birth certificate will be needed, it is impor-

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tant that you keep it in a safe place, preferably in a safe deposit box.

By the same token, there will be a death certificate for every person someday. These will be needed occasionally and should also be kept in the safe deposit box.

While it is possible to get duplicate copies of birth and death certificates for a small charge, it may take weeks to do so.

Other family-type records that are important documents, and that ought to be kept in your safe deposit box, include marriage certificates, divorce or other legal papers regarding dissolution of marriage, adoption papers, citizenship records, service papers, and any other document that is either government or court-recorded.

The original copy of a will, in most cases, is kept in the safe of the attorney who prepared it. This is highly desirable, since it may save complications later. The client receives the two carbon copies, one of which may be put into his or her own safe deposit box. However, there could be a legal delay in getting this copy at the death of the person involved. The third copy, therefore, should be kept at home where it is readily accessible.

Some of your important papers, for example investments, are of a business or financial nature. Certificates for securities are non-negotiable (can't be sold or legally transferred) until they are signed by the owner. Nevertheless, such certificates can be lost or stolen, and the signature can be forged. In either case replacement involves both cost and delay. Such certificates then, when not left with the broker, should be kept in the owner's safe deposit box.

Government bonds can be replaced without cost, but there will be a delay of several months. Thus it is best to keep these in the box, also.

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Among other investment-type documents that require safekeeping are papers that serve as proof of ownership, such as deeds for real estate, other mortgage papers, important contracts, automobile titles (if this applies in your State), leases, notes, and such special papers as patents and copyrights.

If you don't have a safe deposit box, you ought to consider getting one. The yearly rental, at your bank or savings and loan company, is only a few dollars. For many families the smallest size is adequate, though larger sizes are available at slightly higher charges. Some savings institutions make these boxes available at no cost to depositors.

If you do have a safe deposit box, is it large enough to hold all of the items that ought to be in it—and small enough to keep out the things that don't need to be there? This is a business investment for many families, and often the rental can be claimed on their income tax. It should not be used as a catch-all for souvenirs and unimportant papers.

A guideline as to what goes in and what stays out of your safe deposit box might be: Put it in if you can't replace it or if it would be costly or troublesome to replace.

Many items can be replaced rather easily. Copies of insurance policies can be obtained from your insurance companies. Copies of cancelled checks are available at your bank, usually.

Generally speaking, the following additional items do not need to be kept in a safe deposit box: income tax returns, education records, employment records, bank books, social security cards, guarantees, burial instructions, old love letters.

Are you a saver of papers and records and receipts and cancelled checks? Some people are such avid savers that they take over the garage and park their car on the driveway!

It isn't necessary to keep all cancelled checks. Utility bills and charge account bills show the balance owed. If you paid last month's bills, only the current amount due will be listed. When you pay bills by personal check,

you can call on the bank for proof that your check was cancelled.

On the other hand, it's important for you to keep any checks and other receipts that may be needed for income tax purposes or as proof of payment on installment debts.

The Internal Revenue Service has 3 years in which to audit Federal income tax returns. However, this limit does not apply in unusual cases. If you failed to report more than 25 percent of your gross income, the government has 5 years to collect the tax or start legal proceedings. Also, there are no time limitations if you filed a (proved) fraudulent return or if you failed to file a return.

Time limitations for State income taxes vary from State to State, so you'll want to find out what the law says in your State.

Among your important records will be a household inventory. Before this is of much value, in case of fire or burglary, you'll need to supply some details. Be sure to list the item, date bought, purchase price (not including credit charges), model number if it applies, brand name, dealer's name, and general description (color, size, style, electric or gas, etc.). Don't forget to include a realistic lump sum in your list for clothes and jewelry if you don't itemize these.

This information serves a triple purpose. It helps you to determine the value of your possessions so you can have adequate insurance protection. It is helpful if it becomes necessary for you to make an insurance claim. And it can help the police to find stolen goods following a burglary. Some families take pictures of their rooms to help identify possessions.

It's a good idea to make several copies of your household inventory. One copy should be put in your safe deposit box; and you may wish to give a copy to your insurance company. The third copy can be kept in a convenient place at home.

Have you tried filling out a net worth statement, as a means of keep-

ing tabs on yourself and your family possessions? Such a record provides a good overall picture and can be prepared in an hour or less. When done on an annual basis, you can see quickly whether you are getting ahead financially or falling behind and, in either case, how fast.

An accurate net worth statement can serve as a point of departure for the year ahead. If you're not making as much progress financially as you had expected to, you can decide together whether to stay on course or to change directions for the coming year.

Where are you going to find a net worth form that will meet your needs? Try your county Cooperative Extension Service office. Or ask at your bank. Better yet perhaps, you can make one to fit your family. All you do is list your assets, list your obligations, and subtract the debts from the assets. Hopefully the plus side of the ledger will get larger each year and the minus side smaller. But there may be good reasons why you'll fall behind sometimes, such as when you buy a new home or when other expenses are heavier than usual.

Keeping records should be a family affair, rather than the responsibility of just one member of the household. It is important that everybody concerned be in on the decisions that affect the future of the family. Each person needs to know:

- What emergency numbers to call if the need arises.
- Who the legal and financial advisers are, and how to reach them by telephone.
- Where insurance policies are located.
- Where a copy of each individual will is located.
- What documents are in the safe deposit box.
- Where other records are kept, including the household inventory, cancelled checks and other income tax information.

In the final analysis, you and your family can function best within a frame-

work that is meaningful for you. Some families find it easier to discuss their business affairs together than others do. The family that develops a satisfactory

system for keeping records is likely to do a more realistic job of planning for the future.

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**NET WORTH STATEMENT \***

| <i>Assets</i>                   | 197__    | 197__    | 197__    |
|---------------------------------|----------|----------|----------|
| Cash: on hand                   | \$ _____ | \$ _____ | \$ _____ |
| saving accounts                 | _____    | _____    | _____    |
| checking accounts               | _____    | _____    | _____    |
| House, market value             | _____    | _____    | _____    |
| Other real estate, value        | _____    | _____    | _____    |
| Household furnishings, value    | _____    | _____    | _____    |
| Automobile(s), blue book value  | _____    | _____    | _____    |
| Life insurance, cash value      | _____    | _____    | _____    |
| Stocks and bonds, today's value | _____    | _____    | _____    |
| Money owed you                  | _____    | _____    | _____    |
| Other assets                    | _____    | _____    | _____    |
| Total                           | \$ _____ | \$ _____ | \$ _____ |
| <br><i>Obligations</i>          |          |          |          |
| Mortgages, balance due          | \$ _____ | \$ _____ | \$ _____ |
| Installment debts, balance due  | _____    | _____    | _____    |
| Credit cards, balance due       | _____    | _____    | _____    |
| Charge accounts, owed           | _____    | _____    | _____    |
| Other debts, total owed         | _____    | _____    | _____    |
| Total                           | \$ _____ | \$ _____ | \$ _____ |
| <br><i>Net Worth</i>            |          |          |          |
| (assets minus debts)            | \$ _____ | \$ _____ | \$ _____ |

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\* Prepared on the same date each year, such as January 1.

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