

## **Finish Rich File Folder System**

I would like to share with you a simple yet powerful way to organize your financial affairs at home. This information comes from the book, Smart Women Finish Rich, by David Bach.

First, you will need a box of 50 manila file folders and a dozen hanging folders for your file cabinet. I want you to label your hanging folders as follows:

- 1. Tax Returns:** Inside put eight manila folders, one for each of the past seven years, and one for the current year. Mark the year on each folder and put all your important tax documents for that year in each folder. As a rule, you should keep old tax records for at least 7 years.
- 2. Retirement Accounts:** This is where you keep all of your retirement account statements. You should create a file for each retirement account you have. This most important thing to keep in these folders is the quarterly statements. At the end of each year you can throw away the quarterly's and keep just the annual statement.
- 3. Social Security:** You should keep the most recent Social Security Benefits Statement in each folder. If you haven't gotten one recently you can go online at [www.ssa.gov](http://www.ssa.gov) and request one.
- 4. Investment Accounts:** In this folder put files for each investment account that you have that is not a retirement account.
- 5. Checking and Savings Accounts:** If you have separate checking and savings accounts, create separate folders for each of them. Keep your monthly statements in here.
- 6. Household Accounts:** If you own your home, you should have the following folders: Home title (this should contain your title information), Home Improvements (this should contain all receipts for work you do on your home...home improvement costs can be added to the cost basis of your home when you sell it), Home Mortgage (for all mortgage statements). If you are a renter, this folder should contain your lease, all of your security deposit information, and receipts for rental payments.
- 7. Credit Card Debt:** You should create a file folder for each credit card account you have (hopefully, this will not be one of your larger files).
- 8. Other liabilities:** This file should contain separate folders for such things as college loans, car loans, personal loans, etc. They should contain the loan notes and your payment receipts.
- 9. Insurance:** You should create a folder for each insurance policy you have, including health, life, car, homeowners or renters, disability, long term care, etc. In these folders put the appropriate policy and all related payment records.
- 10. Family Will or Trust:** This should contain the most current copy of your will or living trust documents. You should also have a business card of the attorney who set them up.
- 11. Children's Accounts:** It should contain all statements and other records of college savings accounts and other investments that you have made for your kids.
- 12. Finish Rich Inventory Planner:** This folder will contain the Finish Rich worksheet that will help you determine your net worth. This folder will also contain a file in which you keep a running semiannual total of your net worth- a vital record that will help you keep track of your financial progress.