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## 5-STEP SYSTEM CHECKLIST TO ORGANIZING YOUR FINANCES

by Belinda Rosenblum, CPA and Wealth Expert

Do you know someone out there who is sitting on a pile of bills and/or unopened statements (i.e. bank statements, retirement statements, etc.) and keeps telling themselves “I’ll start organizing my finances *tomorrow*”?

Raise your hand if you know someone like that...or is that “someone” you? If so, you are most definitely **not** alone. We’ll help you tackle the clutter, including the pile of paper that bothers you every time you walk by it and seems to get bigger every day!

This does not have to be an overwhelming process that you dedicate your life to – it’s a matter of chunking it down into bite size pieces so that you’ll feel accomplished and on the path to being in control of your financial destiny. Today is yesterday’s “tomorrow”, so we’re here to help you start taking control of your financial clutter today with our 5-day step by step plan:



### **DAY ONE: Gather and Sort**

- Take a spin through your space (house, apartment, etc.) and gather up every pile of financial “stuff” that has been bugging you and put it in one place.
- Open anything that has not yet been opened.
- If you open anything that must urgently be addressed, place such items in an “Active/Time Sensitive” pile and schedule some time on Day 2 to address this pile.
- Go through everything you’ve gathered and start placing the paperwork into piles. We suggest the following categories:
  - **Active/Time Sensitive** for important matters such as overdue/ current bills, recent bank statement, miscellaneous/ misunderstood charges for follow-up, etc.
  - **Monthly statements** including bank statements, retirement statements, pay stubs
  - **Monthly past bills** including credit card bills, utilities, phone, mortgage, etc.

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- **Permanent documents** including wills, marriage licenses, birth certificates, insurance policies, etc.
- For additional suggestions, check out Suze Orman's article (link: [http://www.oprah.com/money/Suze-Ormans-Spring-Cleaning-Overhaul-Your-Files-and-Finances\\_1](http://www.oprah.com/money/Suze-Ormans-Spring-Cleaning-Overhaul-Your-Files-and-Finances_1)) on cleaning up your financial files. She agrees with this sorting methodology and setting up folders for each type of paperwork, with permanent documents stored in a safe place such as a fireproof and waterproof filing cabinet.

## **DAY TWO: Handle What You Need To**

It's time to handle the "Active/Time Sensitive" pile from Day One so that you can tackle anything that needs your immediate attention. Matters that you may want to address include:

### Review your unpaid bills

1. Review your balances – Are there any unusual or unknown charges on your bills? If yes, call your service provider to understand these charges; negotiate a credit for any inappropriate charges.
2. Pay due/ overdue bills – Determine all amounts that are owed and, if overdue, contact the company to let them know you are paying now (and pay it) or work out a payment plan.
3. Review your services – Are there services that you are paying for and you're not sure what the services are or if you use/need certain services? Call your respective service providers and cut back on all extra services not providing you a sufficient return on investment for your money. For example, can you cancel premium cable coverage or right-size your phone plan?

Bank statements – Reconcile between your checkbook and your bank statements so you understand what checks have not cleared yet, what deposits may be pending, and what your current balance is. Also review your statement for fees. If you are paying any maintenance fees for your accounts, contact your bank and ask for a credit for past fees and if they can provide you with free accounts.

## **DAY THREE: Design a Filing System**

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- Now that you've handled any urgent or time sensitive matters, you're ready to get back to organizing your records.
- What works best for you in terms of organizing – do you prefer binders or folders or a combination of both perhaps? We make the following suggestions for organizing files:
  - Check out David Bach's file folder system (<http://www.oprah.com/money/David-Bachs-File-Folder-System>) for a simple and complete set of categories to further divide and organize your financial documents for easy future reference.
  - For your recurring monthly bills and statements, use a set of 12 monthly folders per year or a 12-slot expandable folder. This monthly file folder system works especially well if you pay your bills at one time each week, plus it makes record retention each year easier too. You are creating a "system" to avoid a big "to file" pile and immediately file bills away after you've paid them.

## **DAY FOUR: Organize, organize, and organize!**

- Compile a list of supplies that you need to get organized – determine what you already have and what supplies you'll need (hanging folders, regular manila folders, binders, etc.).
- Head to the local office supply store and to buy the supplies on your list.
- Use those fancy new organizational supplies and get down to business. Create the system that you designed on Day Three.

## **DAY FIVE: Peacefully Purge**

- At the end of the filing process, you may be left with a pile of records and paperwork that doesn't have a home. Check out this resource (link: <http://www.oprah.com/money/Financial-Records-You-Can-Throw-Away>) to decide what you should keep and what you can throw away.
- And finally, it's time to PURGE! Shred the confidential items and throw away the rest of your paperwork you no longer need. You will feel the weight lifting off of your shoulders instantly.

**Your 5-day spring-cleaning is complete. Enjoy the relief of knowing all of your information is caught up, filed, and can easily be referenced. Congratulations on clearing your financial clutter!**