



KEEPING RECORDS

Summer 2008

MANAGE YOUR RISK

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There are many reasons to keep records. You may need to keep records for insurance purposes, tax purposes, for getting a loan, for analyzing your income and expenses flow or for identification purposes.

Good records will help you to:

- ◆ Identify sources of income
- ◆ Keep track of expenses
- ◆ Prepare tax returns

Record keeping can help you to:

- ◆ Manage your family's daily financial responsibilities.
- ◆ See where your money is going.
- ◆ Locate documents and household papers easily when needed.
- ◆ Save time at tax time by keeping your information organized



- ◆ Store important document in one place

Kinds of Records to Keep

You can use your checkbook to keep a record of your income and expenses. In your checkbook you should record amounts, sources of deposits, and types of expenses.

- ◆ You also need to keep documents, such as receipts of big purchases (computers, appliances, etc) for insurance purposes.
- ◆ You should keep your records in an orderly fashion and a safe place.
- ◆ Keep them by year and type of income or expense.

Basic Records

Basic records are documents that everybody should keep. These are the records that prove your income and expenses. For instance, if you own a home or investments, your basic records should contain documents related to those items.

- ◆ Income - Bank statements, Brokerage statements, etc
- ◆ Expenses - Receipts, canceled checks or other proof of payment
- ◆ House - Closing statements, purchase and sales invoices, proof of payment, insurance records etc.



One of your basic records is proof of payment.

Generally, you prove payment with a cash receipt, financial account statement, credit card statement, canceled check, or substitute check.

If you make payments in cash you should get a dated and signed receipt showing the amount and the reason for the payment.





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You must keep your records as long as they may be needed.

Retirement/savings plan statements - From one year to permanently.

- ◆ Keep the quarterly statements from your retirement plan until you receive the annual summary; if everything matches up, then shred the quarterlies.
- ◆ Keep the annual summaries until you retire or close the account.

Bank records - From one year to permanently

- ◆ Go through your checks each year and keep those related to your taxes, business expenses, home improvements and mortgage payments.
- ◆ Shred those that have no long-term importance.

Bills - From one year to permanently

- ◆ Go through your bills once a year.

Bills for big purchases – (jewelry, rugs, appliances, antiques, cars, collectibles, furniture, computers, etc) should be kept in an insurance file for proof of their value in the event of loss or damage.

Credit card receipts and statements - From 45 days to seven years

- ◆ Keep your original receipts until you get your monthly statement; shred the receipts if the two match up.
- ◆ Keep the statements for seven years if tax-related expenses are documented.



How long To Keep Records

One year to permanently

- Retirement
- Bank Records
- Bills

More than one year

- Bills for big purchases
- Credit card receipts statements
- Tax returns

Sources of More Information

Internal Revenue Service - How long should I keep records?

<http://www.irs.gov/businesses/small/article/0,,id=98513,00.html>

Important Family Records – What to Keep and Where http://www.uaex.edu/Other_Areas/publications/pdf/FSHEC-15.pdf

A Sample Filing System http://www.uaex.edu/Other_Areas/publications/pdf/FSHEC-75.pdf

Safe Deposit Box Inventory http://www.uaex.edu/Other_Areas/publications/pdf/FSHEC-51.pdf

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