

## File It Easy, Find It Fast: Setup Suggestions for Home Filing Systems

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This guide, one of a three-part series, shows how to use an Active and Inactive filing system.

Even with computers, we still need a filing system for those hard copy papers which find their way into our homes. A well-organized filing system is a big help when you need to find something.

### Filing Setup Suggestions

**Buy the proper equipment for the job.** This may mean a two- or four-drawer filing cabinet or you may only need a metal box or accordion folder for your papers. What works best depends on your personal preference, your working style, how much money you want to spend, and the amount of paper you have to file. A paper shredder is an important piece of equipment for any filing system.

**Color code when possible.** Use different colors of file folders. For example, green folders might be for household papers, red folders for business papers, and yellow folders for warranties and guarantees. Or if you use the following filing system, you might put all Active files in orange folders, Reference material in blue folders, Inactive files in green folders, and Immediate Action files in red folders. Colored labels can be used if neutral colored folders are used. Just be consistent so the system stays intact.

**Select a specific place for your filing system.** It can be in a home office or a corner of the bedroom or kitchen. If your entire system is small, consider storing it under a bed.

### A Filing System

The home filing system is actually two systems in one: Active and Inactive. *Active* files are those referred to and used often (*Figure 1*). *Inactive* files are for those papers and records which are no longer active but which need to be kept

permanently for tax or other purposes.

### Active Filing System

Because the Active files are used often, keep them close to the area of the home where mail and bills are processed. The Active files may be kept in a desk or cabinet drawer, one drawer in a filing cabinet, a desktop organizer, accordion filing envelope, or even a plastic or heavy cardboard box. To keep Active files usable, go through them once a year, removing any papers no longer active. Toss useless papers — shredding if they contain personal identity data — and store those you need to keep in the Inactive files located in a clean, dry place. Special papers of lasting value such as mortgages, deeds, and a current household inventory should be kept in a safe place, either a fire-proof safe at home, or even better, a safe deposit box at a financial institution.



**Figure 1.** Active files can keep important papers easy to find.

### Active File Folders

The Active file system has two parts: the Fast Action Files kept at the front of the system, and the remaining Active files, filed alphabetically. Subfiles are also suggested for some of the categories. Use them if it makes the system easier, but remember — keep the system as simple as possible. The simpler the system, the more likely papers will actually be filed.

The following titles in **bold** letters are suggested Fast Action file folders in the Active file system. Possible subfiles are indicated. A description of what might be in each folder is also included.

- **Index to file system:** a list of current categories in the entire filing system
- **In process financial business:** financial business still to be completed
- **Bills to be paid:** put all incoming bills in this folder. After they are paid, mark them as such and transfer to the **Papers to be filed** folder for filing later.
- **Papers to be filed:** put all papers that you need to keep (except bills) here as soon as you receive them. Once a month empty this folder by moving papers to their proper folder elsewhere in the system.
- **Safe deposit box:** papers to take to the safe deposit box, a listing of things to get from the box, and a list of the contents of the box.

The following alphabetical system is for the rest of the Active file system. Subfiles are included for some of the categories. As you read over the suggested categories, cross out any that don't apply to you and add any others that make sense for your situation.

- **Cashflow budget:** a hard copy of the current household budget
- **Checkbook:** checkbooks, unused checks
- **Checking account:** current old check registers, canceled checks, and statements. Keep canceled checks here until you re-file in such categories as home improvements, investments, taxes, etc.
- **Contracts and leases:** copies of current contracts and leases
- **Credit cards and charge accounts:** list of account numbers and contact information. A separate subfolder may be used for each account.
- **Debts and loans outstanding:** payment record for current debts and loans
- **Disputes to be settled:** copies of correspondence, record of telephone calls, e-mails, etc. pertaining to ongoing financial disputes
- **Education records:** one file per household member listing where attended, when graduated, diploma or certificate awarded, transcripts, grades, etc. Examples include: Education-David, Education-Sara, etc.
- **Employment benefits:** information about job benefits
- **Employment records:** one file per household member listing where worked, immediate supervisor's name and contact information, job titles, pay rate, etc. Current paycheck stubs and resumes may be kept here or in their own folders. Examples include: employment-David, employment-Sara, etc.
- **Financial planning:** Current list of financial goals, net worth statement, financial advisers and notes regarding things to consider when you do your annual financial planning
- **Health records:** one file per household member listing immunizations, medical care, names and contact information for medical professionals, blood type, allergies, etc. Examples are: Health-David, Health-Sara, etc.
- **Home:** evidence of current home improvements (receipts, contracts, cancelled checks), homeownership papers, renter's lease agreement
- **Household inventory:** a hard copy of the inventory form in the safe deposit box
- **Household management:** a catch-all file for information about food purchases, magazine subscriptions, vacation plans, etc.
- **Household management (clothing):** important care tags (e.g. professionally dry-clean only) if these tags are not permanently affixed, clothing purchase plans, and extra buttons
- **Household management (computers):** sales and repair receipts for printers, external hard drives, modems, laptops and other home-use computers, along with any of these items' instructions, warranties and installation directions
- **Household management (electronics):** sales and repair receipts for such items as iPods, MP3s, cell phones, Blackberrys or other Personal Device Assistants (PDAs); television and/or stereo systems; GameBoys and other electronic, hand-held games; cameras and video equipment; VCR and/or DVD players (and possibly a list of VHS tapes/DVDs), along with any of these items' instruction, warranties and installation directions
- **Household management (equipment):** sales and repair receipts for major purchases such as refrigerators, washers, dryers, stoves, water heaters and furnaces, along with some smaller items such as toaster ovens, food processors, and coffeemakers
- **Household management (furnishings):** sales and repair receipts for any home furnishings — drapes, furniture, carpeting, artwork, room fixtures, etc. — along with any warranties and plans for future purchases
- **Household management (transport/travel):** sales receipts, repair bills, service records, purchase plans, etc. for household automobiles, bicycles, motorcycles and scooters, along with other transportation paperwork such as travel itineraries and flight schedules
- **Household management (utilities):** paid utility bills you can use to figure a new cash flow budget and other utility information. Consider using a separate folder for each utility (e.g. gas, electric, water, phone)

- **Insurance:** insurance information including original or copy of insurance policy, name and contact information for agent, record of claims filed and received. Subfiles might include insurance (cars and other vehicles), insurance (health), insurance (homeowner's/renter's), insurance (life), etc.
- **Keys:** labeled keys for safe deposit box, house, car, etc.
- **Lists:** contact information for relatives, friends, neighbors, financial advisors, holiday card list, credit accounts, birth dates, safe deposit box inventory, record of important papers and their location, Social Security numbers, passwords and PIN numbers
- **Memberships:** information about business, religious, community, professional, social and other organizations. Subfiles might be created for each membership.
- **Military service:** one file per household member with dates served, benefits, discharge details, etc. Examples are: Military Service-David, Military Service-Sara, etc.
- **Online business:** printouts of purchase confirmations for items you've bought or sold online. These can help with any disputes over payment or item quality, when and from or to whom a purchase was made, and will be essential when figuring up unpaid sales tax at the end of the year.
- **Pets:** licenses and health records for pets
- **Retirement plans and investments:** one file per household member with records relating to company retirement plans, personal retirement plans such as Keogh plans, IRAs, Roth IRAs, annuities, Social Security benefits, and nonfinancial plans. Examples are: Retirement-David, Retirement-Sara, etc.
- **Savings and investments:** records of savings accounts, savings certificates, stock and bonds, mutual funds, U.S. savings bonds, real estate, other investments, investment advisors' names and contact information. Separate subfiles may be used for each account.
- **Taxes:** tax information for current year, property tax records, potential income tax deduction information. Examples of subfiles are taxes (medical), taxes (contributions), taxes (business expenses), etc.
- **Wills and estate planning:** copies of wills, requests for disposal of personal property, letter of last instructions, and advance directives for all adult household

members, completed copies of a record of important family papers, trust agreements, and burial lot record. Might break into subfiles, one per adult.

## Inactive Files

The Inactive file system is stored in an accessible, dry, out-of-the-way place in the home. Be sure containers you use for record storage are dirt-, moisture-, bug-, and rodent-proof, in addition to being fire-resistant, if not fire-proof. Since many of the Inactive file papers are kept for tax purposes, an accountant, attorney, business consultant, or other tax specialist can give specific advice about which records need to be kept and for how long for a specific situation.

The following titles in **bold** letters are suggested for the folders in an Inactive file system. Examples of papers that might be kept in each are defined under the section, *Active File Folders*. These are only suggestions. Cross out the ones that don't apply and add any that should be in your Inactive file system.

### Inactive File Folders

- **Home improvements**
- **Investments**
- **Loans and debts**
- **Personal papers**
- **Real estate**
- **Income taxes**

People who retrieve information according to a time frame instead of a topic or subject may find it easier to organize an Inactive file system by year. Others will prefer to just replicate the file category suggestions used for the Active file system.

A well-organized filing system will be a workable system that will save time, effort and money in the future.

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**Index: Financial Management  
Budgets and Record Keeping**

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