

Organization—Key to Better Finances

With regard to improving your life or finances, which of the following do you believe is the most difficult to achieve: (1) knowing what to do, (2) knowing how to do it, or (3) gaining the strength to do what you need to do? According to William Glasser, a psychiatrist and author of *Reality Therapy*, gaining the strength we need is often the most difficult barrier to making life changes. Taking effective control of our lives frequently means figuring out how to make the best of what we already know and have.

Simple changes make a difference

As a financial counselor, I have known many people who have found ways to make the best of what they know and have. With few exceptions, most of these people are well organized. Typically, they find simple ways to organize and make the most of their finances. Here are some examples of tools they use that might get you started.

Use a calendar to plan expenses

You can use an ordinary monthly calendar to keep track of upcoming bills, expenses, and events and to record major purchases and bills paid. Recording such information helps you plan and prepare for the payment of irregular, quarterly or semiannual expenses such as auto insurance premiums, property taxes, and estimated income taxes.

A calendar also helps you prepare for future events such as birthdays, holidays, vacations, and all the related expenses. Keeping track of important financial transactions can make you more aware of where your money is going and can help in resolving disputes regarding product guaranties, returns of merchandise, and completion of loan payments or other obligations.

Use a cup or bowl to collect receipts

You can use a large cup or small bowl to collect the weekly receipts of the whole family. This is usually kept on a kitchen counter. As family members make purchases, they simply save their receipts and place them in the collection cup or bowl each day.



These receipts are then used to record and track the family's expenditures for the entire week, month, and year. Knowing where your money is going helps you budget money more realistically and make better plans for the future. Some receipts also need to be kept and filed for proof of purchase or payment. Some may also need to be kept for tax-filing purposes.

Use a filing system for important papers

Some families use an ordinary cardboard box while others use a drawer in a file cabinet to keep files that hold their important legal, financial, and family documents. Any handy and easy-to-use system will work. In some cases, a document is irreplaceable. Therefore, you may not want to keep the original at home. For example, you may want to keep only a copy of a deed or bond in a home filing system, while the original is kept in a bank safety deposit box.

Usually, home files contain important purchase receipts, product guaranties, insurance policies, bank statements, payroll receipts, retirement and investment account statements, income tax returns, tax receipts, etc. While it may be common sense to keep such documents on file, the key to a good filing system is that it be kept up-to-date and well ordered. From proving a purchase or tax deduction to applying for a loan or planning your retirement, good files provide information that is critical to good finances.

Organization provides momentum

Improving your finances requires some knowledge and persistence, but organization is perhaps the easiest and quickest route to gaining the momentum you need to take charge of your finances and your life. And if you improve your organization, you will be better able to make the most of your finances both now and in the future.

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