

## **It's Time to Organize Your Paperwork!**

by Faith Manierre

In today's fast paced wired world the promise of a paper free society has disappeared. We are now inundated with more paper, mail and documents than ever. It is imperative to keep your records in an appropriate filing system so they can be located.

Studies have shown that people waste as much as 4.3 hours per week searching for papers. This adds to stress and frustration. The cost when multiplied annually is staggering.

Paper management is especially important at this time of year. As individuals prepare their tax returns, the most difficult step can often be locating the information. Many a client arrives at their accountant's office with a pile of receipts, statements and bills expecting the accountant to make sense of the information. Naturally, the client pays dearly to have the information sorted and applied into the appropriate place on the tax forms.

Many accountants, in an attempt to head off their clients piles of papers from entering their office, are mailing tax organizer forms to their clients. This forces the client to go through the painful process of sorting the records and tabulating the information for each category.

At tax time, a computerized money management system such as Quicken is especially helpful. With great ease, you are able to run a report to determine your charitable contributions, medical expenses and property taxes. A Software package can be simple to use and a powerful tool for record keeping. It does not, however, eliminate the need for appropriate paper receipts.

Every household should have a workable filing system. This can be as inexpensive as a milk crate style plastic container with runners on the edges for Pendaflex® hanging file folders or a two drawer sturdy file cabinet. Be sure that whatever you purchase is able to bear the weight of very heavy paper. It is very frustrating to work in a file drawer that is broken and does not pull out properly.

Now that you have the appropriate container you will wish to purchase Pendaflex® hanging file folders that are easy to use within the file cabinet and manila file folders. Have fun and use color folders. Perhaps you want to use green for financial paperwork. Any papers such as bank statements, insurance policies and financial institutions would be placed in green folders. Blue folders could be designated for family paperwork. This would include medical records, school information and resumes. Yellow could designate any records pertaining to the home such as services, homeowners insurance.

If you have long been a piler, don't panic. The first rule to being organized is finding a home for our possessions. You simply have not found the home for your paperwork yet. You will need a large area such as a table or floor to begin the sorting process. You will want to separate your piles into manageable files. As you find several bank statements, you know that you will need to set up a file for you bank records. Be careful as you name the file to label it as you would most likely refer to the contents. Would you think Bank of America, Bank or Checking account? This step will assist you when it's time to retrieve information.

Usually in the organizing process, it looks worse before it gets better. Be patient and as you find all the papers that belong in a file, put it into the file drawer in alpha order. The pile will become smaller and your new filing system is now more manageable.

If you are a small business owner, you are responsible for much additional paperwork to document your business expenses. You must be able to prove to the IRS that you actually purchased those supplies or services for your business. It is appropriate to have a file folder to match each item you show on your schedule C. This would include, advertising, dining, educational, office equipment, postage, printing and utilities. If you file your paperwork as you go, you will have a much easier time at tax season to prepare your taxes and get back to the work of your business!

*Faith Manierre is the President of Busy Bees Professional Organizing LLC, an organizing firm in Glastonbury, Connecticut. Busy Bees Professional Organizing provides support to small businesses and residential clients ready to set up filing systems, utilize money management software and let go of the clutter in the office or home. Contact Faith at 860-997-4740.*