



Record Keeping: How being organized can help achieve your goals

If someone were to ask you to pull out your most recent student loan statement, would you walk over to your desk drawer and pull out your “Student Loans” file, or would you rummage through boxes and drawers? If the latter is a perfect description of you, then you need help. Disorganized paperwork is not the best way to manage your finances. In fact, it can hurt you. Losing track of what you owe, whom you owe, and when it is due can have serious consequences. Although federal student loans do not require a credit check, they are reported to credit bureaus. As you are aware, poor credit reports can affect you for years and hamper your efforts to achieve financial freedom. So if you do not want your student loans negatively affecting your credit, read on to get some tips on managing your finances.

There are two things to keep in mind when implementing a financial-organization project at home. First, you should know what documents you should keep. Second, you need to work out a filing system. Below you will find helpful guidelines to keep track of before you start.

Loan-related documents you should keep:

- Applications
- Promissory notes
- Disclosure statements
- Notification of lender/servicer change
- Repayment terms
- Any lender/servicer correspondence

Next, you need to determine what organization system works best for you. For all the paperwork, you can use file folders, three-ring binders, portfolios, or anything else you feel comfortable with. Note: A disheveled stack of paper on your dining room table is not acceptable. Keep your system simple. Make sure it is something you can easily use and will continue to use. If you like to jot everything down on paper, keep a legal pad listing the dates payments are due, dates checks were sent, etc. If you are comfortable with computers, there are many software programs that help the average layperson set up a record-keeping system.

One thing many people might overlook is telephone or email communication with lenders or servicers. However, this is crucial information to keep track of, particularly when there are discrepancies between your records and the lender's or servicer's records. Or you might be waiting for a loan to fund. It is important to note what a representative explained to you just in case that was never fulfilled. Here is a list of what to write down each time you contact your lender or servicer:



- The date and time of the call/message
- The reason for the call/email
- A copy of the email (if applicable)
- The expected follow-up
- The full name of the person with whom you spoke or the email address of the respondent

Maintaining a record of communications with lenders or servicers will help you get the service you deserve.

Another important point someone might not consider is security. If you do have all your paperwork and documents organized and in one location, it is quite possible to lose everything in the event of a fire or theft. This may seem like extraordinary circumstances, but it can happen. And retrieving all your paperwork from scratch may prove difficult, if not impossible. Invest in a fire-proof safe. You can also keep other important documents in the safe, such as Social Security cards, birth certificates, a marriage license, passports, mortgage agreements, or anything else that needs to be protected. And here's something else to think about: Do you simply throw away credit card or bank statements? Anything with your personal information should be shredded to protect against identity theft. So while you're out shopping for a safe, pick up a shredder. This extra precaution might seem extreme, but protecting yourself is your safest bet.

Something else you might wonder about is how long to keep financial records. Bills such as cell phone bills, utilities, or credit card statements should be kept for a minimum of three months. However, if you have the space, then one year is the recommended length of time. Bank statements, cashed checks, income documents (such as pay stubs), and anything having to do with taxes should be kept for seven years. The reason: three simple letters—IRS. The IRS can investigate an individual's returns going back as far as seven years. Keep everything stored in a safe place just in case.

You'll find that once you have a handle on all your paperwork, you'll have a clearer sense of what your financial reality is. You can then begin to plan your financial goals and take steps to achieve them. After all, you don't want a student loan taken out 20 years ago to ruin your dream of retiring in Bora Bora.