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THE USAA EDUCATIONAL FOUNDATION®

Good Information for Good Decisions.®

FINANCIAL PLANNING

MANAGING YOUR PERSONAL RECORDS

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OUR MISSION

The mission of The USAA Educational Foundation is to help consumers make informed decisions by providing information on financial management, safety concerns and significant life events.

This publication is not medical, safety, legal, tax or investment advice. It is only a general overview of the subject presented. The USAA Educational Foundation, a nonprofit organization, does not provide professional services for financial, accounting or legal matters. Consult your tax and legal advisers regarding your specific situation. Information in this publication could be time sensitive and may be outdated. The Foundation does not endorse or promote any commercial supplier, product or service.

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2 SAVE TIME AND MONEY

IMPORTANT

This publication includes work sheets to help you document important personal and financial information. It is essential that you store this information in a safe deposit box at your financial institution or in another secure location away from your residence. It contains sensitive information that can be misused in the wrong hands. Handle your completed work sheets with care and caution. You can also scan the documents, save them to a disk and store the disk in your safe deposit box. Your survivors and/or executor(s) may be designated as a signer on your safe deposit box, have a key and know the location of the box.

How easily can you answer the following questions:

- Where is your birth certificate?
- How much interest do you earn from savings and investments?
- If fire destroyed your living room, what is the value of your personal possessions?
- Where would you find canceled or imaged checks to verify a deduction you claimed on last year's federal income tax return?
- How much have you invested in home improvements over the past 5 years?

All of this information should be available in a simple, but well-organized record-keeping system.

Creating and maintaining a proper record-keeping system does not require much time or money.

Electronic Documentation

You can reduce your paperwork by maintaining and updating some records on your computer. You may also buy commercial software programs that help you organize your financial records and prepare and file your federal income tax returns. Check with your financial institution to verify how long electronic records are stored.

In this publication, you will learn which records are important to retain, how long to retain them and how to effectively organize them. It will also be an invaluable resource for your family members if you were to become incapacitated or upon your death.

Regularly recording federal income tax-related expenses can ensure that you do not overlook small expenses that can add up to significant annual deductions.

If the IRS suspects you have substantially understated your income (unreported income amounting to more than 25 percent of the income shown on a federal income tax return), the IRS can audit federal income tax returns for the previous 6 years. If you are suspected of fraud, or if no federal income tax return was filed, the IRS can conduct an audit as far back as necessary.

Safely store federal income tax returns and supporting documentation in the event of an audit by the IRS. Visit www.irs.gov for more information.

Some documents must be stored even longer for federal income tax purposes. For example, if you make nondeductible contributions to an Individual Retirement Account (IRA), you must retain all records pertaining to the account until you have withdrawn your money from the IRA, which could be when you are over 70 years of age.

If you own shares in a limited partnership, keep all documents for at least 3 years after all property in the partnership is sold.

Preparing For Your Federal Income Tax Return

When organizing information for preparation of your federal income tax return, create file folders to store information under categories such as the following:

Banking. Include canceled or imaged checks and monthly account statements. Keep deposit, withdrawal and transfer slips until those transactions appear on monthly statements. Some financial institutions do not return the actual checks and deposit slips but instead send you an image statement of substitute checks of several checks on each page. The IRS will generally accept image statements in lieu of actual checks or deposit slips.

Your check register can be your guide to federal income tax-deductible expenditures, which can be highlighted with an asterisk in the margin when you write the check. If you are banking electronically, use the category options to indicate federal income tax-deductible transactions.

IF YOU USE A DEBIT CARD OR MAKE A CASH WITHDRAWAL FROM AN ATM, SAVE THE RECEIPT AND RECORD THE AMOUNT IN YOUR CHECK REGISTER. WRITE THE CHECK NUMBER AND DATE ON THE BACK OF EACH CORRESPONDING BILL OR RECEIPT YOU FILE.

If you use a debit card or make a cash withdrawal from an ATM, save the receipt and record the amount in your check register. Write the check number and date on the back of each corresponding bill or receipt you file. In case of an audit you can easily find the canceled check, check carbon or imaged check from your banking file. An alternative method is to attach the canceled check to the corresponding receipt and place both in the receipt folder.

Deductible contributions. File receipts for cash contributions, canceled checks, expenses you incur for volunteer work and any receipts or records associated with charitable gifts, including donations of used clothing, equipment or furniture.

Employment and business expenses. If you or your spouse have second jobs or are self-employed, keeping receipts and documenting business-related travel and business expenses is essential. It is helpful to save all receipts, even those $25 and under in case of an IRS audit.

Your business log should identify what you spent, where, on what date and for what business purpose. Entries for dining and entertaining must identify the individuals entertained, along with company and title. Similarly, if you use a vehicle for business purposes, your log should indicate where you began and ended your trip, the number of miles traveled, the purpose of related business meetings and when they occurred. Recordkeeping is simplified when you record this information at the time you incur the expense. Use the back of your receipt and keep your log available.

Home. If you are purchasing a home, retain copies of documents received at closing. In a separate folder, store receipts documenting home improvement expenses. Having records of the money you invested into your home may help reduce your federal income tax liability when you sell your home. If you do not have receipts, the IRS may accept other proof of expenditures such as canceled or imaged checks, contracts, building permits or before-and-after photographs.

Retain all records relating to the purchase or sale of your home and any improvement expenses for at least 3 years after the year in which you file your federal income tax return which reports the sale of your home.

If you sell a home to someone who assumes your Veterans Administration (VA) or Federal Housing Administration (FHA) loan, it is essential to keep closing and mortgage documents because you may be responsible for the loan until it is paid in full.

In addition, retain records documenting your annual property tax payment and the statement of total interest paid from your mortgage lender.

Income. File your pay statements throughout the year or, if your company provides a summary, just the year-end statement. This summary shows totals for any union dues, health and dependent care account or Social Security taxes. Keep records of any other income other than interest or investment income along with your IRS Form W-2.

Individual Retirement Account (IRA) or other retirement plans. Once you file your federal income tax return, save all records documenting contributions (including IRS Form 5498) in a separate folder; you will need them to determine your federal income tax when you begin withdrawals. You should store all material pertaining to nondeductible IRA contributions since you will need it until the account is fully distributed. Also, keep records indicating retirement account distributions (for example, IRS Form 1099-R).

Interest payments. File loan agreements and payment books, as well as credit card statements and purchase receipts, until the debts are paid. Totals for your interest payments generally are supplied by the lender.

Investments and savings. Create separate folders for each different account or investment. Banks, stockbrokers and mutual fund companies will mail forms annually noting your total interest, dividend income or capital gains. In addition to those forms, file the following items for each category of investment:

- **Certificates of deposit (CDs).** Most banks provide account statements rather than actual certificates. Save the most recent statements or, if you have it, the certificate itself.

- **Mutual funds.** Save records showing your purchase price. When you sell, your gain or loss will be based on the difference between what you paid for the investment and what you receive when you sell the investment.

  Like stocks and bonds, mutual funds may pay dividends or interest. Moreover, funds may provide you with distributions of capital gains from the sale of investments in their portfolios. All of these payouts will be itemized on the form the mutual fund company sends you (for example, IRS Form 1099-B), and you will be subject to federal income tax on the gains for the year you receive them.

  If you choose to reinvest that money in additional fund shares, save the statements documenting the transactions. You will generally want to include those distributions as part of your cost basis when you sell your shares. Without those records, you risk overpaying capital gains tax on any gain when you sell shares.

  Most funds send you a statement each time there is a transaction in your account, including dividends or other payouts. If your fund sends a cumulative year-end statement listing all annual transactions, compare it with the periodic transaction statements you have saved. If the year-end statement can serve as your complete record, you may not need to retain the individual ones.

- **Stocks.** File all trade confirmation slips, the most recent quarterly dividend reinvestment statement and year-end dividend reinvestment statements.

- **Bonds.** As with stocks, keep all confirmation slips. In addition, when you buy the bond, you usually must pay accrued interest to the seller at the time of purchase. That accrued interest you pay the seller can generally be deducted from your income that is taxable for federal income tax purposes. A record of that amount should be included on your confirmation slip. If bonds are sold prior to their maturity, the seller may experience a loss in bond value.

  Capital gains taxes on investments vary depending on the length of time the investment is held. When you sell, your capital gain will be the difference between the purchase price and the sales price.

- **Real estate.** For a second home or a vacation home, keep the same type of records as you would for your residence pertaining to purchase, sale and capital improvements. If you rent a vacation home to someone else, you also must keep a journal showing certain details including how many days you used it for personal purposes.

- **Medical expenses.** File records of physician and hospital bills, prescriptions and medical-related travel expenses. If your expenses were not high enough to qualify for a federal income tax deduction, these records generally need not be saved for federal income tax purposes after you file federal income tax returns.

Maintaining a complete financial inventory for your survivors will help ensure those assets will be distributed correctly. This inventory could also prove vital for your spouse or other family members if you are incapacitated due to injury or illness.

Properly storing your financial inventory, will and life insurance policies is crucial. These documents need to be accessible upon your death.

For supporting documentation, store a list of your insurance policies and policy numbers in the safe deposit box, and consider giving a copy of the will to your attorney and/or filing it with your county's probate court should the original become lost or destroyed.

Use the work sheets that follow to compile a master list indicating where those important documents are located. This list outlines information you or someone acting on your behalf might need in an emergency.

8 THE MASTER LIST WORK SHEETS

Safe Deposit Box

In some states, access to a safe deposit box is restricted after your death except by an attorney of record. Confirm with the bank that the box would not be temporarily sealed by the bank or tax authorities following your death. Consider having your executor(s) designated as a signer on your safe deposit box. Your executor(s) should have a key and know the location of the box.

Updated as of _____

FINANCIAL INSTITUTION	EXECUTOR(S)	BOX NUMBER/ LOCATION OF KEY
Name		
Address		
Phone		
E-mail		
Contents		

Will

A will, also known as a last will and testament, specifies who gets testamentary property when you die. Generally, it is used to name a guardian for your minor children and to name executor(s) for your estate. The executor(s) will handle your affairs when the time comes to probate the will. Be sure to notify your survivors and executor(s) where your will is located.

Date executed _____

ATTORNEY	LOCATION

Living Will

Sometimes referred to as a directive to physicians, a living will outlines medical procedures you want taken if you become too ill to state your wishes. Each state has its own regulations and forms for living wills. You may obtain the proper form from an attorney or through some state medical associations. Include the names of those who have copies of your living will and directive to physicians.

Date executed _____ Location _____

NAME	ADDRESS	PHONE	E-MAIL

Power Of Attorney (POA)

A POA is written authorization for someone to act on your behalf for whatever purpose you designate (for example, handling your financial affairs while you are out of the country). Include the name(s) of the agent(s) you appoint. A POA terminates, upon your death or upon notice from you.

Date executed _____ Location _____

NAME	ADDRESS	PHONE	E-MAIL

Durable Power Of Attorney (DPOA)

A DPOA remains in effect if you become incapacitated and unable to manage your own personal and financial plans. Include the name(s) of the agent(s) you appoint. A DPOA is generally effective until you revoke it or you die.

Date executed _____ Location _____

NAME	ADDRESS	PHONE	E-MAIL

Health Care Power Of Attorney (HCPOA)

A HCPOA allows you to appoint someone else to make health care decisions on your behalf if you become incapacitated. Include the name(s) of the agent(s) you appoint.

Date executed _____ Location _____

NAME	ADDRESS	PHONE	E-MAIL

Springing Power Of Attorney

A springing power of attorney can be written to "spring" into effect only when a specific event occurs such as if you become incapacitated. Include the name(s) of the agent(s) you appoint. Once activated, a springing power of attorney is effective until you die or it is revoked by a court.

Date executed _____ Location _____

NAME	ADDRESS	PHONE	E-MAIL

Trusts

A trust is a legal entity that holds property designated by you, the grantor, for the benefit of you or your beneficiaries. The trust agreement names a trustee to manage the specified property according to your instructions. There are many different kinds of trusts, depending on the type of beneficiary, purpose of the trust, assets in the trust, how much power the trustee and beneficiaries have over the use of the trust's assets and how much control the grantor has over the trust. Include the following information for each trust.

Date executed _____ Location _____

NAME OF TRUST	NAME OF GRANTOR(S)	NAME OF TRUSTEE(S)	TRUSTEE(S) ADDRESS	PHONE	E-MAIL

Personal Documents

Updated as of _____

DESCRIPTION	LOCATION OF INFORMATION/DOCUMENTS
Social Security number	
Driver's license number/State issued	
Birth certificate/Adoption papers	
Marriage license and certificate	
Divorce/Separation papers	
Statement of Service (DD Form 214)/ Retirement orders/Last active duty pay statement/First retired pay statement/VA disability	
Tax records for current and past 3 years. Include copies of any gift or estate tax returns filed over the last 3 years.	
Passport number	
Tax identification number	
Appraisals for valuables such as jewelry, furs and musical instruments	
Diploma	
Other	

Loan Payments/Credit Card Accounts/Household Expenses

Your survivors or executor(s) must know what routine bills or payments are due. Also, your executor(s) may have to close these accounts. List all outstanding loans, balances on accounts and monthly household expenses. Update as needed.

Updated as of _____

CREDITOR	DUE DATE	AMOUNT DUE
Name		$
Address		
Phone	Location Of Statements	
E-mail		
Account Number ❑ Individual ❑ Joint Joint owner's contact information		
Credit Life: ❑ Yes ❑ No		
Name		$
Address		
Phone	Location Of Statements	
E-mail		
Account Number ❑ Individual ❑ Joint Joint owner's contact information		
Credit Life: ❑ Yes ❑ No		

Checking/Savings Accounts And Certificates Of Deposit (CDs)

Your survivors or executor(s) will need to know how to access these accounts.

Updated as of _____

ACCOUNT	AVERAGE ACCOUNT BALANCE
Name	$
Address	
Phone	**Location Of Statements**
E-mail	
Account Number ❑ Individual ❑ Joint Joint owner's contact information	
Name	$
Address	
Phone	**Location Of Statements**
E-mail	
Account Number ❑ Individual ❑ Joint Joint owner's contact information	
Name	$
Address	
Phone	**Location Of Statements**
E-mail	
Account Number ❑ Individual ❑ Joint Joint owner's contact information	

Investments

Your survivors or executor(s) may need an inventory of your investments including stocks, bonds and mutual funds.

Updated as of _____

FINANCIAL INSTITUTION	BENEFICIARIES
Name	
Address	
Phone	
E-mail	
Investment Type	Location Of Statements
Account Number Joint owner's contact information	
Name	
Address	
Phone	
E-mail	
Investment Type	Location Of Statements
Account Number Joint owner's contact information	
Name	
Address	
Phone	
E-mail	
Investment Type	Location Of Statements
Account Number Joint owner's contact information	

Employee Savings, Pensions, Retirement Plans

Your survivors or executor(s) must contact each source about any income still due and check for death provisions from your pension and retirement plans.

Updated as of _____

EMPLOYER/FORMER EMPLOYER(S)	BENEFICIARIES
Name	
Address	
Phone	
E-mail	Location Of Statements
Type Of Plan	
Value	
Name	
Address	
Phone	
E-mail	Location Of Statements
Type Of Plan	
Value	
Name	
Address	
Phone	
E-mail	Location Of Statements
Type Of Plan	
Value	

Contact your tax and legal adviser regarding your specific situation prior to taking a distribution from a retirement plan.

Life Insurance Policies

Designed to protect your family's financial security, life insurance proceeds can prove helpful as an immediate source of cash. List the names of the policy's owner and your beneficiaries.

Updated as of _____

COMPANY	POLICY NUMBER/ POLICY OWNER	FACE VALUE/ PREMIUM	BENEFICIARIES/ LOCATION OF POLICY
Name		$	
Address			
Phone			
E-mail		$	
Agent			
Name		$	
Address			
Phone			
E-mail		$	
Agent			

Health Insurance

Updated as of _____

COMPANY	POLICY NUMBER/ POLICY OWNER	PREMIUM	LOCATION OF POLICY
Name		$	
Type Of Policy			
Address			
Phone			
E-mail			
Agent			

Dental Insurance

Updated as of _____

COMPANY	POLICY NUMBER/ POLICY OWNER	PREMIUM	LOCATION OF POLICY
Name		$	
Type Of Policy			
Address			
Phone			
E-mail			
Agent			

Disability Insurance

Updated as of _____

COMPANY	POLICY NUMBER/ POLICY OWNER	PREMIUM	LOCATION OF POLICY
Name		$	
Type Of Policy			
Address			
Phone			
E-mail			
Agent			

Long-Term Care Insurance

Updated as of _____

COMPANY	POLICY NUMBER/ POLICY OWNER	PREMIUM	LOCATION OF POLICY
Name		$	
Type Of Policy			
Address			
Phone			
E-mail			
Agent			

Homeowners/Auto/Other Insurance

List your insurance policies. For their benefit, your survivors may want to continue paying the premiums to keep these policies in force.

Updated as of _____

COMPANY	POLICY OWNER/ POLICY NUMBER	PREMIUM	LOCATION OF POLICY
Name		$	
Type Of Policy			
Address			
Phone			
E-mail			
Agent			
Name		$	
Type Of Policy			
Address			
Phone			
E-mail			
Agent			
Name		$	
Type Of Policy			
Address			
Phone			
E-mail			
Agent			

Property Ownership

List any real estate or other property you own.

Updated as of _____

ADDRESS OF PROPERTY OWNED	LOCATION OF TITLE DOCUMENTS

Mortgages

List any outstanding mortgages.

Updated as of _____

MORTGAGE COMPANY	DUE DATE/ AMOUNT DUE	ACCOUNT NUMBER	LOCATION OF TITLE DOCUMENTS
Name			
Address			
Phone	$		
E-mail			
Name			
Address			
Phone	$		
E-mail			
Name			
Address			
Phone	$		
E-mail			

Rentals

Include post office boxes, storage units and other property you rent.

Updated as of _____

RENTAL PROPERTY	NAME/ ADDRESS	RENT DUE DATE/ AMOUNT DUE	REFUNDABLE DEPOSIT DUE	LOCATION OF KEY
		$	$	
		$	$	
		$	$	
		$	$	

Include property you rent to others.

Updated as of _____

RENTAL PROPERTY	NAME/ ADDRESS	RENT DUE DATE/ AMOUNT DUE	REFUNDABLE DEPOSIT DUE	LOCATION OF KEY
		$	$	
		$	$	
		$	$	
		$	$	

Personal Property Inventory

An inventory of your possessions is helpful not only to determine your estate value and to name recipients, but for insurance claims as well.

Consider photographing your possessions. Store a copy of the inventory, receipts, photographs and a hard copy of important electronic documents in a safe deposit box at your financial institution or in another secure location away from your residence. Another option is to scan the information to a disk and store it appropriately.

For convenience, keep a separate, central file of all warranties, with corresponding proofs of purchase and operating instructions for appliances and other equipment.

Updated as of _____

ITEM/ DATE PURCHASED	PURCHASE PRICE	RECEIPT YES / NO		SERIAL NUMBER	RECIPIENT(S)	LOCATION
	$					
	$					
	$					
	$					
	$					
	$					
	$					
	$					
	$					
	$					
	$					
	$					
	$					

Personal Property Inventory *(continued)*

List passenger vehicles, motorcycles, boats and other vehicles.

Updated as of _____

VEHICLE TYPE	YEAR/ MAKE/MODEL	TITLE/ REGISTRATION LOCATION	VEHICLE IDENTIFICATION NUMBER

Miscellaneous List

Consider your daily and monthly routines. Record details as you identify new items to add to this list.

Updated as of _____

MISCELLANEOUS ITEMS	DETAILS
When pet(s) are fed and the type of food	
List of medications and dosage instructions for your pet(s)	
Name of veterinarian	
Names of those who may want your pet(s)	
Secret hiding places for selected items	
Security system company and codes	
Locations of spare keys to home, vehicle, safe deposit box, garage, etc.	
Name of anyone else who has keys	
Codes to combination locks	
Location of your address book(s)	
Location of firearms and ammunition	
Subscriptions to publications	
Memberships in movie, book or music clubs	
Manuals and warranties	
Backup disks of important documents	
Other	

24 PERSONAL MEDICAL RECORDS

It is important that you take an active role in obtaining and maintaining your medical records. During your next physical, ask your physician to help you complete the information on the following pages.

It is not necessary to ask your physician to give you your entire file. The key to gathering your medical records is to record only the information that is significant to the status of your health. Your physician may feel proprietary about his notes, much of which are written with abbreviations and terminology understood mainly by medical professionals. Information in your file could be misinterpreted and could cause you undue alarm.

When retiring or separating from the military, obtain your medical records before you leave. It could take several months to obtain your records from a central repository. In an emergency situation this delay could be life threatening.

Consider executing a living will (see page 9) which explains what medical procedures you want taken if you become too ill to state your wishes. In conjunction with your living will, estate planning professionals recommend preparing a durable health care power of attorney which allows you to appoint someone else to make health care decisions on your behalf if you become incapacitated. Each state has its own regulations and forms for durable health care powers of attorney.

Who To Notify In Case Of Emergency

Updated as of _____

NAME	ADDRESS	PHONE

Blood Type

TYPE

Physicians

Updated as of _____

NAME	REASON FOR VISIT	TREATMENT RECEIVED	DATE

Health Insurance Information

Updated as of _____

PROVIDER	INSURANCE/GROUP NUMBER	PHONE

Nearest Hospital Or Emergency Room Which Accepts Your Health Plan

HOSPITAL OR EMERGENCY ROOM	PHONE

Medical And Mental Health

Updated as of _____

ILLNESSES	

Surgical Procedures

Updated as of _____

PROCEDURE	DETAILS	DATE

Allergies And Side Effects

Updated as of _____

ALLERGY	REACTION

Prescriptions And Over-The-Counter Medications

Updated as of _____

MEDICATION	DOSAGE/FREQUENCY	SIDE EFFECTS

Hospitalization Or Emergency Room Visits For Other Reasons

Updated as of _____

REASON FOR VISIT	TREATMENT RECEIVED	DATE

Annual And Diagnostic Test Results

Updated as of _____

TEST	RESULTS	DATE

Immunizations And Vaccinations

Updated as of _____

IMMUNIZATION/VACCINATION	REACTIONS	DATE

Family History And Hereditary Diseases

Updated as of _____

FAMILY MEMBER	MEDICAL/SURGICAL CONDITIONS

RESOURCES

The USAA Educational Foundation offers the following publications on a variety of topics:

FINANCIAL PLANNING AND GOAL SETTING (#511)

PLANNING FOR RETIREMENT (#508)

ESTATE PLANNING (#518)

RETIREMENT PLANNING IN YOUR 20s AND 30s (#516)

BASIC INVESTING (#503)

STOCKS AND BONDS (#553)

MUTUAL FUNDS (#517)

HOMEOWNERS INSURANCE (#558)

HEALTH INSURANCE (#545)

RENTING A HOME (#533)

PLANNING A MOVE (#509)

PLANNING AHEAD FOR YOUR SENIOR YEARS (#527)

IDENTITY THEFT (#520)

WHEN A LOVED ONE DIES: LEGAL AND FINANCIAL CONCERNS (#551)

WHEN A LOVED ONE DIES: COPING WITH GRIEF (#552)

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If a Web site address, physical address or phone number has changed since you received this publication, log onto a search engine and type in keywords of the subject matter or organization you are researching to locate such updated information.

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