

BANKING & FINANCE

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The Magic of Tidying Up – Financially

There is something about the seasonal change to fall that encourages me to “get things in order.” I attribute it to the many years I had to organize myself to put aside the unstructured vacation mentality of summer and return to the structured schedules of fall. While I seem to be able to schedule school, fundraisers, sports practices, music lessons in my busy life, I also yearn to get my financial house in order.

This year I turned to Marie Kondo’s NYT bestseller “The Magic of Tidying Up” to give me some ideas. The unique characteristic of her advice is to tidy up by categories. So, instead of taking a room at a time, she recommends handling all clothes, all books, all mementos at the same time. So I tried applying her technique to my finances. Instead of viewing the various statements as individual products, I attempted to visualize what each of them was contributing to my overall financial plan. This resulted in three main categories:

1. What I own

In the file for “What I own,” I placed brokerage and bank statements (IRAs, Roths, checking, savings, CDs 401(k)s, etc.), social security estimates, current and prior employer pension statements, annuity contracts, car titles, real estate deeds, jewelry appraisals.

When working with a new client this week, I asked her to bring in her file containing what she “owned” in order for us to complete a retirement plan. Among the various papers was a Computershare statement for Ford stock she owned as a Joint Tenant (WROS) with her mother. It was in her maiden name and her mother had passed away 38 years ago! Yes, this is the beauty of

tidying things up and experiencing the relief of resolving old records.

2. What I owe

In this file goes information about my loans for cars, real estate, home equity, lines of credit, friends and family IOUs. Having this information in one place allowed me to see the pay-off dates and rates for my debts. I made the decision to consolidate a few smaller items into a HELOC and lowered my overall loan rate and monthly payments. It was much easier to make decisions with my “owe” items together.

3. What if something happens?

The last category was the most difficult for me. I looked at this file as “everything I want someone to know if I’m not here to handle my affairs.” I would like to think that I will be here a very long time to enjoy the benefits of my judicious financial planning. But, just in case, I have this file for my insurance policies (including life, disability and long term care), will, Trust, Powers of Attorney (for health care and finance), prior addresses, cemetery plots or burial instructions, birth and death certificates, safety deposit box keys and passwords.

Why would I include a list of prior addresses as important here? The answer: Unclaimed property. This is a growing area of concern. Not many people are aware that the states have passed laws which require all financial institutions to forward all “unclaimed property” to the state treasury for “safe keeping.” There is a dormancy period (generally 1-3 years) in which returned mail or lack of contact will result in property being transferred to the state.

Prior addresses from mail unable to be forwarded may prove helpful.

Another area of growing concern is passwords for online banking, social media and service provider accounts. In our family, I’m not the one who pays the monthly bills or balances the checkbook. I expressed my concern that “if something happens to you unexpectedly, my

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electric will probably be shut off!” In this day of invoices, financial statements and wedding invitations via social media, the accessibility of passwords and email addresses can be a time-consuming quandary for those left to sort through unorganized records.

According to Marie Kondo, “Visible mess helps distract us from the true source of the disorder. The act of cluttering is really an instinctive reflex that draws our attention away from the heart of an issue.” Equally true, I believe, is that financial disorder tends to mask underlying issues as well. The heart of the matter might be a fear that debt is too high, assets are too low, spending patterns are unsustainable. Keeping everything in flux allows us to potentially avoid the real concern – fear in our own financial future.

When you finish tidying up your financial house, you will feel lighter, less burdened and more confident that you have a plan. It may not really be magic, but it’s definitely energizing!

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