

Business Standard

Organise your paperwork

Doing so can help save time and money and make it easier to handle an emergency

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Raman Khanna invested in a tax-saving mutual fund a few years back. Now when he redeemed the fund, he did not receive the credit in his bank account even after 10 days. When he followed up with the fund house he realised that the redemption proceeds had been sent to his old address with his old bank account number printed on the cheque. It took him more than 20 days before he could get a cheque issued with his new bank details.

Such issues are a drain on your time, and can cost you a substantial amount of money. They can be avoided if things are kept organised and handy. Let us look at a few areas where you can get your personal finance paperwork organised.

Banking

First, reduce the number of your bank accounts. The more the accounts, the more the paperwork. The fewer the accounts, the easier it is to keep track of each of them. Keep only three accounts, one could be your primary account for income, the other exclusively for investments. In the third account both spouses could pool in money for household expenses.

That way you have better control over what comes in and what goes out. It also helps you track your investments. In all your bank accounts, check whether your address is updated to your present one; whether signatures with your bank are not very different from your current one (very old accounts sometimes see rejection of cheques for signature mismatch; surely, your signature has changed a little over the years); whether you have an internet banking facility (it would help you do your work smartly and save time by automating payments); whether nominations have been recorded.

Insurance

Collect all insurance policies you have - life insurance, health insurance, home insurance, personal insurance, car insurance, etc. Include papers relating to insurance provided by your employer. Put all original policies in one file segregating them by kind. Keep scanned copies of all policy documents.

For a quick and overall glance, your list should contain: the name of the policy, the name of the insured, the name of the nominee, the policy number, the sum assured/cover available, the premium amount, premium due dates, the premium payment term, the maturity date, the contact person/agent/ person who can help in case of a claim.

In this way you can tell at a glance what you are covered for and how much premium you are paying. This will also show any obvious gaps in coverage. We now have insurance repositories, so eventually all policies will be converted into an electronic form and details available in statements of holdings. This would do away

with the hassle of safeguarding physical policy documents while having all information in one place.

Investments

Many tools and software are available, allowing you to list all your investments. Use one of these or simply list all your investments in Excel. Physical updation of records will be required for investments such as fixed deposits, small savings - postal schemes, PPF, etc. Holdings of shares would be through your demat account.

Similarly, your mutual fund-distributor would provide you with a consolidated holdings statement. You would also have your statement of provident fund and other employee benefits. If you have physical gold in the form of coins/biscuits, etc, retain copies of invoices. A list showing date, rate and quantity of purchase could prove handy. Ensure bank details in your investments are correctly updated along with nominations.

In longer duration investments if you are not careful about bank details, your maturity /redemption cheques might contain non-existent bank accounts. Then you would have more paperwork to get your money back. If you have investments in names other than individual (for example, as an HUF), mention it clearly in your will. If the holder dies, getting monies from investments made in non-individual names proves difficult if not specifically dealt with in a will.

All these records can be kept in a file to be updated once every six months or so.

Taxation

Keep a copy of your tax returns, Form 16, TDS certificates and interest certificates provided by banks. Now you can download Form 26AS from the income-tax website to track taxes deducted on payments made to you. If you pay advance tax or wealth tax, maintain records of challans provided by your bank.

Tax-related information is required while applying for loans, credit cards or to start a business.

A summary of each of these can be filed together to see your financial life in a couple of pages. Once you create such a system of financial housekeeping, you will be more at peace regarding your finances. This will also help when making a will, as you have all records updated and can allocate your assets properly.

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SIMPLIFY YOUR FINANCIAL LIFE

- Don't have more than three bank accounts
- Keep scanned copies of all insurance policies; use insurance repositories to store them in electronic form
- Keep a consolidated list of all investments in an excel sheet; update this once in six months or a year
- Keep filed copy of tax returns, Form 16, TDS certificates, bank interest certificates and tax challan