WLG 38

West Virginia University
EXTENSION SERVICE

Financial Plans and Updates

David Roberts, WVU Extension Agent, Lincoln and Boone Counties
Pat Gruber, State CEOS Adviser/Family Financial Management

Educational Objectives

1. Understand the importance of doing a free credit check from the secure website.
2. Compile a list of your assets, liabilities, and net worth.
3. Create a plan so that trusted others know where to find your important information.
4. Protect your valuable records.

Keeping your personal financial information in order can be quite basic, not necessarily complicated.

Ask yourself these questions: Has there been an important paper you needed and could not find this year? Could someone figure out your valuable record system and the location of important documents in the event of an emergency? What would be the result for the family if your household was burglarized or your records were destroyed by flood or fire? How do you know if someone is using your identity? Take care of your finances so they can take care of you!

The Importance of Your Annual Credit Report

Your credit report contains information that affects your ability to be approved for a loan, and even the interest rate paid on the loan. By checking your credit report, you are making certain the information is accurate, complete, and up-to-date before you apply for a loan for a major purchase, buy insurance, or apply for a job. Your credit report will alert you when someone uses your personal information, such as your name, social security number, or credit card number, to commit fraud. For example, if an identity thief were to open a new credit card account in your name and allow the account to become delinquent, it is reported on your credit report.

How to Check Your Annual Credit Report

The Fair Credit Reporting Act (FCRA) requires each of the nationwide credit reporting companies (Equifax, Experian, and TransUnion) to provide a free copy of your credit report, at your request, once every 12 months. The Federal Trade Commission (FTC) and the nation's

– continued –

consumer protection agency, enforce the FCRA with respect to credit reporting companies.

To request your free credit report, visit *annualcreditreport.com* or call 1-877-322-8228. You can also complete the Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Do not contact any of the companies individually since the free service is provided only through *annualcreditreport.com*, which is the central location established for the three credit reporting companies.

Beware of imposter websites. The above site is the only legally mandated free annual credit report program. Remember, *annualcreditreport.com* and nationwide credit reporting companies will not send you an email asking for your personal information. If you receive an email, pop-up advertisement, or phone call from someone claiming to be from *annualcreditreport.com* or any of the three nationwide credit reporting companies, do not answer their questions, do not reply, and do not click on any links in the message. It is probably a scam, and any such materials should be emailed to the FTC at *spam@uce.gov*.

Preparing a Net Worth Statement

Your net worth statement is a listing of all your assets and liabilities (or debt) and is a way of documenting your family or personal possessions. By preparing this annual picture of your finances, you will know if you are getting ahead financially or falling behind.

If you prepare an accurate net worth statement, it can serve as a tool to make necessary adjustments if you are not satisfied with your financial progress. If you are on target financially, it is a tool to help you stay on course.

Assets – anything you own that has monetary value. Examples would be a house, land, stocks, savings bonds, investments, jewelry, rental property, insurance policies with cash value, CDs, checking accounts, businesses, vehicles, buildings, etc.

Liabilities – debt or money owed. Examples would be car loans, credit card balances, student loans, and mortgages.

Net worth – the difference between the total assets and total liabilities. If your net worth is on the plus side, you may still choose to make adjustments. If it is on the negative side, it is important that you make immediate adjustments.

Preparing a Family and Household Financial Timeline

Make a list that will guide trusted others in making sure bills are paid and assets are protected, if you are unable to do so for a period of time. List your bills and due dates. Make an outline of when automatic deposits and withdrawals occur in various accounts. This information will assist trusted others in meeting the deadlines for reoccurring or expected payments. By preparing a financial timeline and inventory, you enable trusted others to carry on with your financial obligations in an uncomplicated, timely manner.

Activity #1: Ask participants if they have a plan in place if the person who takes care of finances in the household is unable to do so? If time permits, ask them to share their plans.

Activity #2: Before you pass out the participant guides, print off and cut apart a few items from the lists below. Give one or two to each individual. Have two bags: one labeled “Keep at Home” and the other labeled “Keep in Safe Deposit Box.” Have individuals put their slip

of paper in the correct bag before you get into the lesson in depth. At the conclusion of your lesson, pull out a few of the slips and discuss why or why not this is the correct location to keep the mentioned item.

Compiling a Household Inventory List

An inventory will be helpful in deciding if you have adequate insurance coverage on your possessions. It is also helpful in the event of a burglary, fire, or another disaster

When making an inventory list, start at one point in the room and record everything as you go around the room. Sometimes this can be done, not only by listing, but with pictures or video. If you know the cost and date purchased, add that information to your list. It is suggested that you arrange expensive collections, such as jewelry, guns, silver, or collectables, separate and take close up photos to place in your safe deposit box. Remember to include the basement, attic, garage, tools, lawn furniture, and food in your freezer. It is a good idea to include the approximate replacement cost. This figure will identify what your household is worth and what your insurance should cover. Update your inventory as you purchase new items or at least yearly.

Family and Household Documents, Records, and Important Papers

Many people assume that floods, storms, tornados, and other disasters happen to someone else, and many people postpone taking care of family papers. But protecting family papers prepares you to deal with natural disasters.

Who knows where to locate necessary information about your household assets and obligations? Do you have a list of important contacts, such as your tax preparer, attorneys, bankers, brokers, insurance representatives, employers, creditors, and debtors?

Are you certain that titles to property and possessions are held in the best way for all concerned? If not, you may want to ask an estate attorney or trust officer at your bank for professional assistance.

What to Keep – Where to Keep It

Keep items that are difficult or impossible to replace in a safe deposit box.

- Wills
- Birth certificates
- Death certificates
- Mortgages
- Automobile titles
- Real estate deeds
- Passports
- Military papers
- Household inventory
- Marriage certificates
- Divorce records
- Custody papers

- Adoption papers
- Citizenship papers
- Retirement papers
- Religious records
- Social security cards
- Important contracts
- Bond and stock certificates
- Copyrights and patents
- List of insurance policies

Keep important papers in a file at home.

- Tax receipts
- Unpaid bills
- Copies of wills
- Insurance papers
- Loan statements
- Education information
- Health benefits information
- Current bank papers
- Appliance manuals and warranties
- Inventory of safe deposit box
- Loan payment records
- Credit card information
- Family health records
- Employment records
- Retirement papers
- Current cancelled checks
- Social security information
- Income tax statements
- Receipts of items under warranty
- Receipts of expensive items not yet paid for

Keep certain valuable papers at home in a waterproof, fireproof, locked box.

- Health records
- Education records
- Insurance policies
- Bank account numbers
- Current bank statements
- License plate numbers
- Credit card numbers
- Computer passwords
- Loan payment books
- Rental property records
- Driver's license numbers
- Guarantees and warranties
- Income tax returns for the past three years
- Copies of birth, marriage, and death certificates
- Names and contact information for your retirement, insurance, tax, and banking

Organizing a Filing System for your Home

A system for personal records is essential, with a special place designated for important papers. Review your files and papers once a year and discard items no longer needed. Select a month and add the task to your calendar. Remember, take care of your records and finances so they can take care of you!

Sources

Keys to Financial Success, adapted by Andrea Bowman, WVU Extension Service.

http://fsg.ces.ncsu.edu/print/protecting-valuable-records

http://www.uaex.edu/health-living/personal-finance/docs/planning_ahead_H1.pdf

Federal Reserve Bank of Dallas, (Net Worth). *www.federalreserveeducation.org.*

http://www.consumer.ftc.gov/articles/0155-free-credit-reports

2014

Programs and activities offered by the West Virginia University Extension Service are available to all persons without regard to race, color, sex, disability, religion, age, veteran status, political beliefs, sexual orientation, national origin, and marital or family status. Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Director, Cooperative Extension Service, West Virginia University.

The WVU Board of Governors is the governing body of WVU. The Higher Education Policy Commission in West Virginia is responsible for developing, establishing, and overseeing the implementation of a public policy agenda for the state's four-year colleges and universities.

FH14-381

Page three photo1: *https://www.flickr.com/photos/kotomi-jewelry/2476368900* by Kotomi_

Page three photo2: *https://www.flickr.com/photos/keepingtime_ca/8490224742* by keepingtime_ca