

As seen in the "Ask the Organizing Expert" Column in the Lake Oswego Review and the West Linn Tidings

Money Organizing Tips for a Recession

QUESTION: I've been watching the financial crisis unfold on TV, and I'm embarrassed to say I have no idea the state of my own financial situation. I have bills and receipts tossed in a drawer, and I haven't balanced my checkbook in years. I need some easy steps to organize my money.

The state of our economy is enough to make the most seasoned investor anxious. Unemployment is up, housing prices are down, and there's no end in sight. It's no wonder we're asking: "What should I do?" I have no credentials in money management, but I know how to organize, and as I've said many times before: a little organizing goes a long way.

The days of tracking your finances by ledger are long gone. Today we have numerous resources available to help us see the big picture, all with the click of a button. Starting with a little spending adjustment, these are the steps I would take to organize my money.

Step 1 - Spend Purposely: Before you even begin sorting receipts and filing statements, make a conscious change in your spending habits. Buy only what you need. Beware of duplicate purchases. Take advantage of coupons and special offers. Avoid late fees, apply for rebates, and return things promptly. Respecting your money will serve you well in these tough times.

Step 2 - File Your Papers: Your bottom line might keep you up at night, but your financial paperwork shouldn't. A simple but effective financial filing system should only take a few hours to create. Gather all things money-related and start filing: bank and credit card statements, loan docs, insurance policies, investment and retirement reports, medical forms, receipts, utility bills, pay stubs and anything tax-related. My website has tips on how to build and categorize a functional financial file cabinet (www.totallyorderly.com). By the way, much of the paperwork we keep is unnecessary, so check with the IRS for proper retention guidelines (www.irs.gov).

Step 3 - Go Electronic: With money, as with most things, knowledge is power. Having a clear picture of your net worth is key to being in control. If you're still tracking your money on paper, or not at all, it's time to purchase accounting software. Quicken (www.quicken.intuit.com) and QuickBooks (www.quickbooks.intuit.com), among others, are readily available and user friendly. They will track your various accounts, investments and liabilities; they will remind you when you're over budget and even balance your checkbook! Paying your bills online and setting up auto pays are helpful time savers, too. If you're a tech-phobe, ask a trusted friend for help. It's easy after that.

Step 4 - Protection: Protecting your money used to mean holding tight to your wallet. Today it requires a few more layers. Protect your identity by investing in a good cross cut shredder and using it religiously. Shred receipts, canceled checks, credit card offers, and anything that reveals your identity. Check your credit report three times a year to make sure no one has opened accounts in your name (www.freecreditreport.com). Protect your financial electronic files by backing them up regularly. For added security, use an online backup service like Carbonite (www.carbonite.com). Your e-files will be encrypted and safely stored. Finally, protect access to your computer by securing your passwords. Use software like Passwords Plus (www.dataviz.com) and you'll only have to remember one password to access all your others.

The country's financial crisis is frightening, no doubt. But perhaps the act of organizing your own finances will make it seem a little less daunting. If there's one thing we've learned through this national ordeal, it's that the actions of one have an impact on another. So by becoming good stewards of our own money, maybe we're contributing to the greater good. And if not, at least we know our checkbooks are balanced!

Danielle Liu, MPA, CPO® is a board certified professional organizer. She is the owner of Totally Orderly, a professional organizing company based in West Linn, Oregon. She can be reached at 503.750.7111 or Danielle@totallyorderly.com. For more organizing tips, visit her website at www.totallyorderly.com.