

**Title:**

How Senior Citizens Can Simplify and Organize Their Finances

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1128

**Summary:**

Everyone can use some help getting their financial affairs in order, but especially senior citizens who may face special challenges and decisions involving money management later in life

**Keywords:**

bank, accounts, property, money, safe, account, important, financial, assets, documents, certain, old, savings, tax, deposit, social security

**Article Body:**

Everyone can use some help getting their financial affairs in order, but especially senior citizens who may face special challenges and decisions involving money management later in life

**Simplify your life:** Have your Social Security benefits, pension payments and other income automatically deposited into your bank account each month. Direct deposits are safe, reliable and convenient. Also arrange with your bank to automatically pay your mortgage, utility bills, insurance premiums and other recurring charges.

Doing so takes the hassle out of making scheduled payments and helps avoid late charges or service interruptions. You can also have automatic withdrawals from your bank account to routinely put a certain amount of money into a savings account, a certificate of deposit (CD), a mutual fund or a U.S. Savings Bond.

Telephone banking allows you to use your touch-tone phone to confirm that checks or deposits have cleared, get your latest balance or transfer money between different accounts at the same bank. And if you own a home computer, consider banking and bill paying quickly and easily over the Internet, 24 hours a day, seven days a week. Internet banking and bill paying is usually free of charge or it costs less than what you'd spend on postage.

Also consider opening a "cash management account" that combines cash, stocks and other assets into one account with check-writing and credit card services. These accounts usually involve an annual maintenance fee.

Update your will and other legal documents: Who will inherit your savings accounts and other property when you die? Who else should have access to checking accounts to pay bills if you're hospitalized? What kind of medical treatments do you want to receive – or avoid –if you become critically ill? These are the kinds of questions you should be asking yourself, preferably in consultation with family members and your lawyer or other experts. Your answers to these questions may require actions involving important legal documents and how you set up various bank accounts.

Some matters may be handled as part of your will. Others may involve having or updating a "durable power of attorney" (authorizing someone to handle your finances, property or other personal matters if you become mentally or physically incapacitated), a "living will" (instructions about future medical care if you become ill and are unable to communicate your wishes) or a "health care power of attorney" (designating a family member to make decisions about medical treatment). Having these health-related directives can prevent unwanted and potentially costly medical procedures.

You may want to hire an attorney specializing in elder law or "estate planning" (how money and property and other assets can go to your heirs with a minimum of costs, taxes and hassles).

Organize and protect your important documents: Make sure your bank and brokerage statements, insurance policies, Social Security and company pension records, and other personal and financial papers are in a safe place and easy to get to.

As the victims of recent hurricanes, floods and other disasters have learned, it's wise to take extra precautions with essential records. For the most important original documents, such as wills, passports and birth certificates, seal them in airtight and waterproof containers to prevent water damage. Make backup copies and consider giving duplicates to loved ones –or at least let them know where to find your records in an emergency.

Consider renting a safe deposit box at your bank for certain papers that could be difficult or impossible to replace, such as birth certificates and originals of important contracts. Don't put into a safe deposit box anything you might need in an emergency, such as your passport or medical-care directives, in case your bank is closed for the night or weekend.

Also, many experts generally advise against putting a will in a safe deposit box because, in many states, there may be complications accessing the will after the person dies. And remember that copies of wills aren't valid. Perhaps the best

approach is to ask your attorney for guidance.

For the most important papers you keep at home, consider an inexpensive but durable home safe.

**Toss old documents:** Are you afraid to throw away old bank statements, bills, receipts and cancelled checks because you think you may need them some day? We can't tell you when it's safe to throw away certain financial documents —that's for you to decide, perhaps after consulting with your accountant or attorney.

For example, cancelled checks with no long-term significance for tax or other purposes probably can be destroyed after about a year. Cancelled checks that support your tax returns (such as charitable contributions, investments, home improvement costs or tax payments) should be held for at least seven years and in some cases indefinitely.

Also, to avoid becoming a victim of identity theft, shred any document that contains a Social Security number, bank account number or other personal or financial information. A crosscut shredder that turns paper into confetti is highly recommended by experts.

Take precautions with old accounts. For the benefit of your heirs, either dispose of proof of old bank and brokerage accounts, life insurance policies and other assets you no longer own (again, assuming you don't need the documents for tax or other purposes) or clearly mark them as being sold or cashed in. Otherwise, loved ones who discover the information after your death could waste a lot of time and effort researching these mystery accounts when there is no money or property to be claimed.

On the other hand, people do lose or forget about money or property. It's easier than you think. For example, you may move and fail to give a forwarding address to a bank where you have a small savings account. Or, you may change your name and not notify your banks or other companies. That's why it's important to keep records of your finances, note which accounts have been closed or cashed in, and make sure your financial institutions and others who owe you money have your current address.

In most cases, after a certain number of years of being "unclaimed," assets are transferred to the state government, where they still can be claimed by the rightful owners. You also can begin a search for assets of any sort that have been sent to a state by going to the Web site of the National Association of Unclaimed Property Administrators.

And one final warning: Beware of frauds involving companies offering to "find"

your unclaimed property. There are reputable companies that, for a fee based on actual recoveries, will help people who don't want to take the time to research unclaimed property or whose cases may be unusually complex. But some companies may charge fees up-front based on misleading claims or for services you could easily perform on your own.