

# ***IAS FINANCIAL LIBRARY***

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# Introduction

The U.S. is full of financial victims — those who fall prey to fast-talking and sometimes even well-meaning salespeople — who often turn financial decisions into financial waste. Every family makes two or three major, money-management decisions every month. Because many individuals lack financial training, their decisions often turn out to be major financial errors. Guessing at financial decisions or listening to bankers, brokers, automobile or insurance salespeople will cause you to throw away thousands of dollars a year and hundreds of thousands of dollars over a lifetime.

Knowledge is your first line of defense. For every financial decision, there is an optimum strategy — the correct strategy. Making financial decisions, with optimum money strategies, will keep your money where it belongs — in *your* pocket, saving or making thousands of dollars for you each year. All of these important money strategies have been compiled into your *Financial Library*.

We will help you:

- Turn financial waste into spendable profit
- Double the purchasing power of your money
- Create a financial plan that gives you total control over your financial future
- Cut your income tax liability
- Put together a \$1,000,000 retirement plan
- Double the profits from your investment plan
- Become transformed into a self-confident, competent money manager

You are at a very exciting place in your personal financial development. You are about to begin a journey toward financial independence. Financial independence means that your sources of income are stable and sufficient to maintain your desired lifestyle, regardless of economic factors. This means having enough money to do what you want, in other words, to enjoy the “fruits of one’s labor.”

Money will not buy emotional happiness, but it certainly will buy financial happiness. With a carefully laid-out plan and the commitment to following it, anyone or any family can build a beautiful lifestyle in the present without sacrificing the future, and build a financially sound future without sacrificing the present.

How? By making every dollar count. By spending, not saving your way to financial success. The concept is simple. All the money that you earn, except what resides in the cookie jar, is eventually spent.

You can spend money in only two ways:

1. For your lifestyle — buying goods, services and entertainment.
2. For your future — buying investments.

What if you possess the knowledge to save money when buying goods and services so that you would have all the money it would ever take for investing in a sound and happy financial future? No saving, no sacrificing.

For instance, let us say that currently you are spending \$900 each year on automobile insurance and you suddenly acquire the knowledge to cut your premium to \$450 (without sacrificing the quality and quantity of your insurance). Your \$900 would then pay for your automobile insurance and a \$450-per-year investment!

In addition to buying your insurance over 10 years, you have an extra \$4,500 to invest, which, if invested correctly, will grow to \$9,500. That is almost \$1,000 per year of free money produced by a plan that saves you only \$450 a year.

What happens to you financially is based totally on what you know and do—or, by default, what you do not know and, therefore, cannot do. It is not how long you live that counts, but how much you live. Financial success is easy — if you can just get someone to tell you the rules of the game.

There are only two possible alternatives:

First, you can continue doing what you are already doing, working harder and trying harder. That approach will create plenty of frustration but not wealth. Doing more of what does not work will not make it work any better — no matter how good your intentions or how hard you try.

Second, by following the strategies you are about to learn, you will become unstoppable financially — a real pro at making and managing money.

**GET ORGANIZED  
GET STARTED**



# Planning and Control

Ever wonder why some people become super-achievers while others just falter and sputter with only talk of what they want to accomplish? The difference is not talent, a college education, rich parents or built-in motivation.

***The difference between those who accomplish their dreams and those who only dream of accomplishing them is planning and control.***

When it comes to reaching your objectives, there are laws of cause and effect, which makes success a science and *not* an accident. Anyone who chooses to follow the rules or strategies for accomplishment will be met with a rich, rewarding, satisfying life. Those who are controlled by life, instead of controlling their lives, usually end up frustrated, angry and cynical.

Taking control means first identifying and accepting where you are and then creating a dynamic plan to take you where you want to go. Personal or financial success, therefore, begins not with strategies, but with a definition of your objectives.

Goals to bring satisfaction must be in alignment with your values. In this section, you will work on identifying your predominant values and choosing your important goals.

There are four important parts to your plan.

**Dreams list**

**Values list**

**Goals list**

**Strategies list**

Together, they become your blueprint for a rich, rewarding journey.

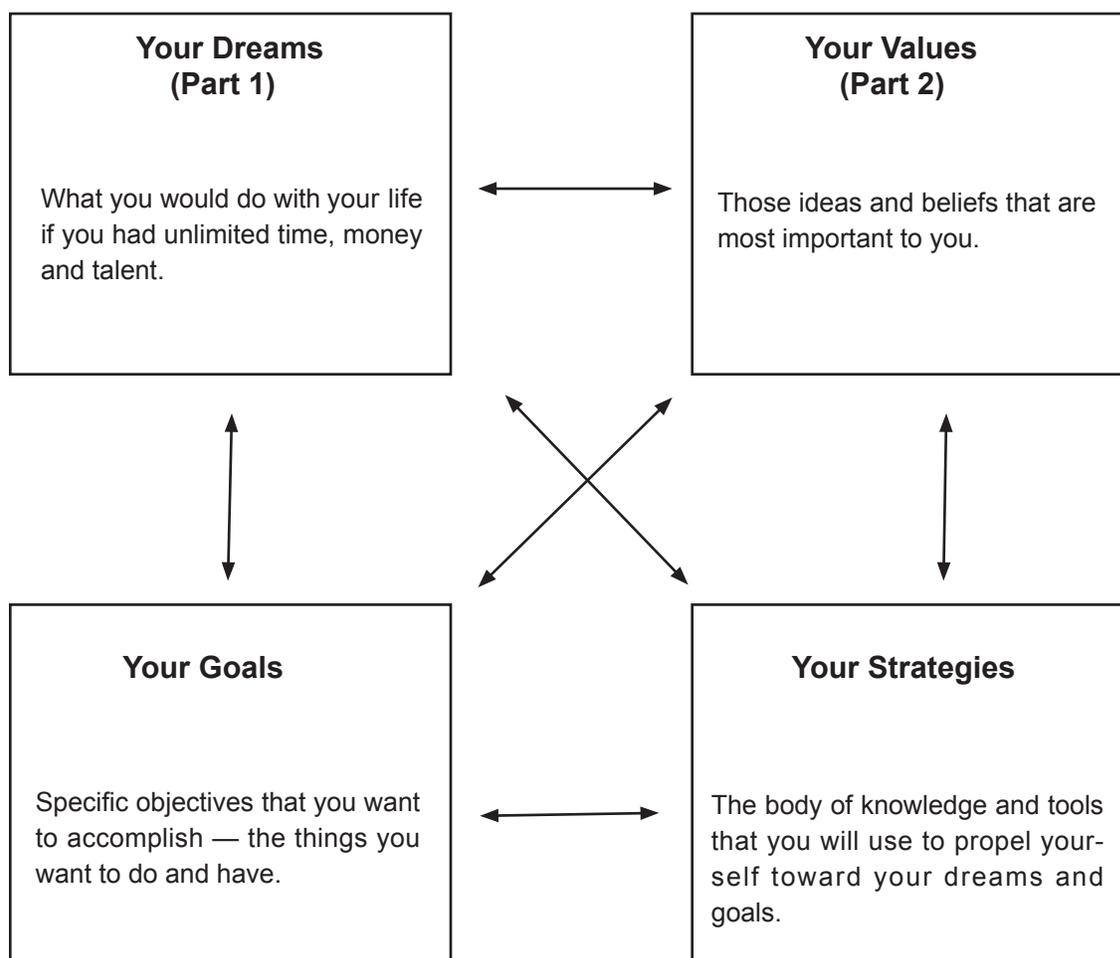
Money strategies mean little unless they are part of a greater plan. Strategies are only tools, not ends in themselves. Your dreams are the destinations, your goals are the signposts of accomplishment that define your path to your dreams.

Keep in mind that your income does not determine your outcome. The amount of money that will pass through your hands over a working lifetime is incredible. For example, if you work for 40 years and earn an average of \$25,000 per year, you will have made \$1,000,000. If you get an annual raise of only 5%, the \$1 million explodes to \$3 million. There is no question as to whether or not you can make a million dollars — the real question is, how quickly can you make your first million and how much of it can you keep?

Developing a financial blueprint is the answer to all financial situations because your blueprint puts you in control. Your financial blueprint is made up of four components, all determined by you. All parts of your financial blueprint affect each other and when aligned correctly, will give you practically unlimited power to accomplish your dreams and goals.

Before learning and using strategies, it is a must to *first* make a dreams list, *next* identify your values and *finally* choose your goals. You will find yourself easily motivated to put your strategies to work.

## Your Financial Blueprint



## Strategy

### Create your Dreams List.

Choose a totally quiet spot where you will not be interrupted. At the top of a pad of paper, write the following:

***“If I had unlimited time, money, talent, and support from family, here is what I would do with my life . . .”***

Relax and let the ideas pour from both your conscious and subconscious. Do not evaluate your potential for achieving each item. What you write should excite you, motivate you, inspire you, make you laugh and, most of all, define desires and dreams that all too often are held back by the complexities of daily living. Write everything down, no matter how silly it seems, no matter what it costs. The ideas may come slowly at first, but the first step in turning dreams into reality is getting those dreams out in front of you where you can see and feel them.

### Your Dreams List

***“If I had unlimited time, money, talent, and support from family, here is what I would do with my life . . .”***

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_

## Spouse, Partner, Family Member's Dream List *(make copies as needed)*

***“If I had unlimited time, money, talent, and support from family, here is what I would do with my life . . .”***

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_
11. \_\_\_\_\_
12. \_\_\_\_\_

### Values List

Ideas and beliefs about the relative importance of things in your life are called values. If you value security highly, choosing to leave your job and start your own business might be unlikely or could cause a great deal of stress — unless, of course, you changed your values. On the other hand, if you value wealth above security, staying in a safe, secure job at an average wage would be a frustrating experience. You would be constantly looking for opportunity.

However, if you value security and wealth equally, you will experience the frustration of values conflict — the feeling that any decision might be the wrong one and making no decision might be even worse. The emotions and frustration are all mental and have nothing to do with what is the right or wrong decision.

Values are not facts but simply choices made for us initially by parents and our childhood environment. As we grow and mature, our values tend to change and become our choices. The ability to choose your own values is the freedom to choose the direction for your life.

When you act in accordance with your values, you experience emotional balance, a sense of security and pleasure. When your actions are out of alignment with your values, you can experience fear, guilt, frustration and emotional imbalance.

Fortunately, you can get rid of those negative, unwanted feelings by changing your actions to be in alignment with your values or changing your values to be in alignment with your actions.

Of course, you cannot do either until you identify your values. This is not difficult, although most people spend a lifetime remaining consciously unaware of their values. In the next exercise, you will create your own values list, listing your major values in order of importance.

By identifying and prioritizing your current values, you will be able to:

- Set your goals to enable you to spend more of your life doing and experiencing those things that are most important to you.
- Eliminate conflicts in values by making certain that no two values are pulling you in opposite directions.
- Create an environment of mutual support in your personal relationships by realizing that two people do not need the same values to create a successful relationship, but they must be able to support each other's values.

As you can see, values must be identified before goals are set or it becomes all too easy to establish one or more goals that are in conflict with your values.

Take the common example of the super-achieving, small businessman who spends a lifetime building a successful business and devoting little time to anything else. When he looks back, instead of having a feeling of accomplishment, he mourns the fact that his marriage fell apart after 20 years and he has never had a close relationship with his children. One important personal value to him was family, but he overlooked the conflict in his values until it was too late. Having neither business nor family as his most important value was neither right nor wrong; he just never understood how necessary identifying his values was to living a balanced life.

*The truth is that you can have it all.* Surprised? To live your life in accordance with your values does not require sacrifice. You must sacrifice only when you are not living your life in accordance with your values. Recognizing what is and what is not important to you is the key. You will be surprised how much easier life becomes after you create and prioritize your values list.

Your values list will also enable you to choose the dreams that should come first on your dreams list. The accomplishment of those dreams and goals that are in alignment with your top five values will be the most satisfying and personally rewarding. That is where 80% of your available energy and time should be spent.

## Strategy

**Spend the majority of your time on those values that are most important to you.**

Time is always limited. You will get the greatest sense of satisfaction when your time is spent on those objectives, projects, adventures and relationships that you value most. Therefore, it is important to prioritize your values once you discover them. It is you and only you who can decide what is important in your life. Why spend time doing anything else?

## Strategy

**Identify your current values and then prioritize them.**

First, go through the Values List once or twice, checking off those values that are important to you on the left blank lines. Second, prioritize those values that you have checked from most important (1) to least important (10). You may, of course, prioritize more than ten values. There are no right or wrong answers.

## Your Values List

<b>(✓) Check Important Values</b>	<b>Prioritize (1-10)</b>	
_____	_____	Peace of mind
_____	_____	Security
_____	_____	Wealth
_____	_____	Good health
_____	_____	A close relationship with spouse/partner
_____	_____	A close relationship with children
_____	_____	Family (spending time with parents or other relatives)
_____	_____	Meeting the “right” person
_____	_____	Meaningful job or career
_____	_____	Fame
_____	_____	Power
_____	_____	Free time
_____	_____	Happiness
_____	_____	A close relationship with God
_____	_____	Friendships
_____	_____	Retirement
_____	_____	Contributing time, knowledge or money to others
_____	_____	Knowing important or famous people
_____	_____	Being in business for yourself
_____	_____	Having no problems to deal with
_____	_____	Living to an old age
_____	_____	Personal possessions—cars, houses, jewelry, etc.
_____	_____	Travel to exciting places
_____	_____	Sense of accomplishment
_____	_____	Respect from others—being thought of as a good person
_____	_____	Other _____

## Values List For Spouse, Partner Or Other Family Member (make copies as needed)

First, go through the list once or twice, checking off those values that seem important to you on the left blank lines. Second, prioritize those values that you have checked from most important (1) to least important (10). You may, of course, prioritize more than ten values. There are no right or wrong answers.

(✓) Check Important Values	Prioritize (1-10)	
_____	_____	Peace of mind
_____	_____	Security
_____	_____	Wealth
_____	_____	Good health
_____	_____	A close relationship with spouse/partner
_____	_____	A close relationship with children
_____	_____	Family (spending time with parents or other relatives)
_____	_____	Meeting the "right" person
_____	_____	Meaningful job or career
_____	_____	Fame
_____	_____	Power
_____	_____	Free time
_____	_____	Happiness
_____	_____	A close relationship with God
_____	_____	Friendships
_____	_____	Retirement
_____	_____	Contributing time, knowledge or money to others
_____	_____	Knowing important or famous people
_____	_____	Being in business for yourself
_____	_____	Having no problems to deal with
_____	_____	Living to an old age
_____	_____	Personal possessions—cars, houses, jewelry, etc.
_____	_____	Travel to exciting places
_____	_____	Sense of accomplishment
_____	_____	Respect from others—being thought of as a good person
_____	_____	Other _____

## Strategy

### Identify and eliminate destructive values from your life.

Most values are positive but there are destructive values that always lead to personal failure and must be changed—for those who want a successful, fulfilling life.

#### Destructive values are:

1. The desire of something for nothing. Symptoms include gambling, cheating or stealing.
2. The desire to feel superior to others. Symptoms include gossip, prejudice, bigotry, aloofness, criticism and blame.
3. The desire for continuous, instant pleasure. Symptoms include overspending and overindulgence in food, alcohol or drugs.

Identifying destructive values is the most important step in their elimination. Destructive values are parasitic and drain energy that could be spent on the things you value most.

Never put roadblocks in the way of success. Establish as one of your most important goals the elimination of any destructive values. Do not use your list to become self-critical. If you value personal success more than anything on the above list, simply write out your plan for eliminating destructive values.

### Destructive Values Elimination Plan

*(make copies as needed)*

Listed below are the destructive values in my life that I have identified and how I intend to eliminate them:

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Committed to by: \_\_\_\_\_ Date: \_\_\_\_\_

## Strategy

**Set your course by defining your goals and focusing on the results you want.**

The next step in creating your financial blueprint is establishing your goals — those specific objectives on which you have decided to invest your time, energy and money.

Whereas values are mental attitudes, your goals are your physical objectives. A goal can be accomplished in as little as an hour, like going to the grocery store in order to stock the refrigerator, or your goal may take most of a lifetime, like creating a \$1,000,000 retirement plan.

All goals must be in alignment with your important values. The higher the priority of one of your values, the greater the satisfaction you will derive from reaching a goal that affects that value.

There are specific parameters that make an objective a goal. To be effective in your blueprint, a goal must:

1. **Be specific and measurable** — You must be able to define your goal in dollars, numbers or in specific terms, like the job you want or the color and model of the car you desire.
2. **Have starting and completion dates** — To become part of an effective ongoing plan, you must choose a time to begin working on your objective and a date by which you intend to have your goal accomplished. When put into your total plan, these target dates will show you where your time will be the most effective.
3. **Be in writing** — A major planning mistake is to have your goals rolling around in your head, but not written down. Written goals are concrete and allow you to plan, organize and control the paths to be followed.
4. **Be stated in terms of results and not processes** — A result defines the way your life will be *after* you have accomplished your goal. The process is the means, money, material, time and talent it will take to get there.

When you focus on what you need, you instantly become aware of a lack, which often becomes a reason for inaction. For instance: “My goal,” you say to yourself, “is to buy a new \$40,000 BMW convertible.” The process trap: “Since I have only \$600 in the bank, I guess I’ll never get there.”

Focusing on the result means that you have a clear picture of your life with the BMW. You can see yourself driving it, you can feel it, you can almost taste it and your attitude becomes one of, “I will not be denied.” Focusing on the result creates your road map.

When using a map, it is far more effective to first locate where you want to go. The shortest path from where you are becomes obvious. On the other hand, if you do not identify the location of your destination, but simply follow the red and green lines that mark the roads, it may take you ten times as long to get there. Your destination is the result you want, the roads are the process of getting there. By forming a clear mental picture of each goal in your mind and never letting go of that picture, you will always find a way to accomplish what you want.

Be committed. Your level of commitment to any objective determines how you will handle stumbling blocks along the way. The bigger the goal, the more stumbling blocks you are likely to encounter along the way. The largest concrete blocks can be pulverized with the smallest hammer with enough persistence. Your commitment gives you the persistence to look at each stumbling block as one step closer to your objective. The winning attitude is:

***I WILL NOT BE DENIED!***

## **Strategy**

**Put your goals in writing.**

There are certain goals we all seem to have in common, although to different degrees. These categories include:

- Income goals — the increases in yearly income you want to achieve.
- Career goals — the type of work you want to do, the company positions you want to attain or the business you want to create.
- Acquisition goals — the things you want to buy and own.
- Travel goals — the places nationally and internationally you want to visit and experience.
- Accomplishment goals — the things you want to do and become.
- Educational goals — the knowledge you want to acquire for personal, financial and career advancement.
- Recreational asset goals — the “fun” things you want to own for recreation and sports.
- Investment goals — the income producing, tax reducing or net worth increasing investments you want to own.
- Real Estate goals — homes or investment properties you would like to purchase.

On the following chart, take a moment to list your important goals from any or all of these categories. Indicate a target completion date for each entry.

**My Goals List**  
*(make copies as needed)*

**Target Date**

1. _____	/ /
2. _____	/ /
3. _____	/ /
4. _____	/ /
5. _____	/ /
6. _____	/ /
7. _____	/ /
8. _____	/ /
9. _____	/ /
10. _____	/ /
11. _____	/ /
12. _____	/ /
13. _____	/ /
14. _____	/ /
15. _____	/ /
16. _____	/ /
17. _____	/ /
18. _____	/ /
19. _____	/ /
20. _____	/ /
21. _____	/ /
22. _____	/ /
23. _____	/ /
24. _____	/ /
25. _____	/ /

## Strategy

### Create a Records Management System (RMS).

How many times have you heard yourself say, “I am such a lousy record keeper.” When tax time comes, the record gathering process involves looking for receipts, checks and other necessary paperwork in your drawers, shoe boxes, pockets, purses, and even the glove compartment. Poor record keeping costs time and money — lots of time and lots of money.

By creating a simple **Records Management System (RMS)**, you can get your records under control in a short period of time and then spend a minimum amount of time and effort staying organized. If you use a computer, look into software designed to keep track of your business expenses. Although this is not a substitute for log books and receipts, it provides quick access, updates and ease of tax preparation.

A good **RMS** will save you hours of valuable time, assure that you get all the tax deductions you deserve, and enable you to know your financial condition at any point.

Records management is simple. It means knowing which records you need and where to find them. In this section, you will evaluate your current system and upgrade it to a true **Records Management System**.

The reasons for good record keeping include:

1. Total control of your financial life.
2. Maximizing your tax deductions.
3. Proof of loss when filing insurance claims.
4. Proof of payments when a creditor’s records are incorrect.
5. Keeping score of your progress toward your goal.
6. Proving your point in arbitration or litigation.
7. Satisfying IRS and legal requirements.
8. Exercising warranties and guarantees.
9. Information at your fingertips for completing mortgage and loan applications and financial statements.

## Strategy

### Choose a permanent Records Management area.

You need to set aside a permanent location for your records. You will then need to purchase standard-size file folders at an office supply store, then buy a filing cabinet, if you don't already have one, to house your records. Current records go in the top drawer. Older records go in the bottom drawer. Locate or purchase a printing electronic calculator.

## Strategy

### Set up your filing system.

Keeping your records organized and quickly accessible means setting up a complete filing system for receipts, bills, statements, contracts, agreements and personal papers.

The easiest and best method is to set up files for each category of important papers. Your system will contain files by type, such as "medical bills," and by company, such as "FNB MasterCard."

To create your system:

1. Choose the file names and categories you will use.
2. Label each folder with its file.
3. File all folders alphabetically in the top drawer.

You can combine multiple years of records in your history files, i.e., all previous year's credit card statements from one bank in one file, but you will want to keep your records in order by year. You will refer to your history file only occasionally, but when you need history records you want access to them quickly and conveniently. Organizing and maintaining your records often seems boring and time-consuming. By using your **Records Management System**, record keeping is easier and automatic, and ends frustration and financial losses caused by lost or misplaced records.

There is also a number of record-keeping software programs available that can help you.

## Strategy

### Choose the recordkeeping categories for your filing system.

Here is a suggested checklist to begin your filing system. Check those file names you will use. Add other files as necessary.

- Bank Account — monthly statements, correspondence.
- Children's File — school papers, birthday and holiday cards, drawings, awards, diplomas and certificates.
- Clubs — health club, country club and business club.
- Credit Bureau Report.
- Credit Card Bills/Receipts (one file for each card) — monthly statement and phone numbers.

Name of credit card:

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- Creditors (one file for each creditor) — credit card numbers, names and addresses; credit bureau report.
- Doctor and Hospital Bills — family doctor, name, address, phone number, medical records, doctor and hospital bills.
- Education — night school, correspondence school, work-related courses.
- Employment Records — employment contracts, employee handbook, fringe benefits information, retirement plan information.
- Financial Blueprint — your dreams and fantasies list, a list of your short and long-term goals and strategies, values list, personal income statement strategy, personal balance sheet strategy, financial statement strategy.

- Financial Publications
- Guarantees, Warranties and instructions—instructions and guarantees for carpets, tires, stereo equipment, appliances, etc.
- Home — purchase contract, mortgage papers, home improvement receipts, leases and rental agreements, payment book, canceled checks
- Important Papers — birth certificates, marriage license, passport, diplomas
- Insurance
  - Auto — Automobile insurance policy, traffic infractions and accidents, automobile title, driver's license information and license plate information
  - Insurance — Medical - medical insurance policy
  - Insurance — Homeowner's - homeowner's or tenants insurance policy, umbrella liability policy, personal property inventory list
  - Insurance — Life - insurance policy, correspondence with company, insurance quotes
- Investments — annuities
  - Investments — IRA accounts
  - Investments — Miscellaneous - employee benefits including pension, profit sharing, savings, tax shelter annuity, list of checking/savings accounts, liquid assets, loans to others, IOUs
  - Investments — Mutual Funds - monthly statements, correspondence
  - Investments — stocks and bonds certificates
  - Investments — real estate
- Receipts — miscellaneous
- Resume
- Retirement Plan — papers relating to your job or small business retirement plan
- Taxes — Federal and state — tax-deductible receipts of tax returns and files for last seven years (one file for each year)
- Telephone — telephone bills and correspondence
- Utilities — electric, gas, water and sewer
- Will — copy

## Strategy

**Purchase a plastic box for checks, deposit slips and check registers.**

Keeping your checks organized is one of the most important steps of your RMS. Don't leave cancelled checks and statements in envelopes and drawers. Checks should be filed in number order in your check file box along with deposit slips, deposit receipts and your check register.

There is a false belief that because a bank uses computers, it can't make mistakes. Nothing could be further from the truth. Reconcile each bank statement as soon as you receive it, using the form printed on the back of the statement. Mark all payments which may be a tax deductible purchase with a "T." (At tax time you will know the payments with the "Ts" will help you compute your deductions.)

How do you know if you are in control of your checking account? You know you're not in control if you ever have to call the bookkeeping department of your bank to check your balance before you write a check.

## Strategy

**Store important documents in a bank's safe deposit box or in a fireproof safe at home.**

Decide which would be better for you, a safety deposit box (deductible as an investment expense) or a fireproof heavy metal safe for your home.

Keep the following important documents in your safe storage place:

- Mutual Fund Shares
- Stock or Bond Certificates
- Property Deeds
- Automobile Titles
- Personal Property Inventory List & Photographs
- Marriage Certificate
- Will
- Birth Certificates
- Diplomas
- Military Discharge Papers
- Passports

## Strategy

<b>Build a tax reference library with IRS publications and forms.</b>
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Call the IRS at 1-800-TAX FORM (829-3676) and ask the IRS operator to send you the following personal and small business forms, instructions and publications for your tax library. See Section IV for a partial list of tax forms available from the IRS by fax. Download forms from **www.irs.gov**. Check those you will need:

### Personal

- Pub. 1 (Your Rights as a Taxpayer)
- Pub. 17 (General Income Tax)
- Pub. 556 (Amended Returns)
- Pub. 550 (Investments)
- Pub. 545 (Interest on Debt)
- Pub. 946 (Depreciation)
- Pub. 552 (Record Keeping)
- Pub. 564 (Mutual Fund Gains)
- Pub. 527 (Rental Property)
- Pub. 503 (Child Care Credit)

### Small Business

- Pub. 334 (Small Business Taxes)
- Pub. 587 (Use of Home)
- Pub. 463 (Travel, Entertainment, Gift and Automobile Expenses)
- Pub. 538 (Accounting Periods and Methods)
- Pub. 535 (Business Expenses)
- Pub. 533 (Self-employment Tax)
- Pub. 551 (Basis of Assets)
- Pub. 560 (Retirement Plans for Self-employed)
- Pub. 583 (Starting a Business)
- Pub. 587 (Business Use of Home)
- Pub. 937 (Employment Taxes)

## Strategy

**Keep all tax records at least seven years.**

There are a few simple record keeping rules that will ensure you get the maximum tax deductions you deserve and that you are always in a position to prove your point in any dispute.

We have compiled these record keeping suggestions from IRS publications and from the IRS auditor's manual, which gives instructions to IRS auditors for which taxpayer records can be used to substantiate deductions. Keeping the proper records always keeps you prepared. Remember, when you carry an umbrella, it seldom rains. It is your responsibility to be able to substantiate the amount and purpose of each of your tax deductions.

## Strategy

**Keep expense records in a pocket-size expense log or laptop computer.**

To make record keeping a snap, always carry with you a pocket-size expense log. You can buy one for a couple of dollars at any stationery or office supply store.

Your expense log makes it easy to record deductible expenses you incur away from home. These expenses include:

- Gas, car repairs, tolls, parking
- Deductible meals and entertainment
- Office supplies and postage
- Motel rooms and other travel expenses

Your log should fit easily into your pocket, briefcase or purse and allow you to keep running totals for all your yearly deductible expenses. A good expense log should allow you to keep records of purchases and automobile mileage and expenses. If you use a lap top computer while traveling, record the expenses daily and upload to your PC when you return home. Get in the habit of carrying your expense book everywhere you go and entering deductible expenses as they occur.

## Strategy

**Keep receipts in addition to canceled checks.**

Keep receipts or invoices (containing the phone number and address of the company and the items purchased), along with your canceled checks or a scanned copy. This is especially necessary to document expenses that were placed on a credit card in which only one check was written for expenses that my fall into several tax deduction categories.

## Strategy

**Use a credit or debit card for effective record keeping of deductible expenses.**

Obtain a credit or debit card for business or personal use. Get in the habit of writing the deductible purpose in five words or less on each receipt. Organize and file all of your credit card receipts and statements in your Record Management System. Mark all of this year's debit or credit card statements with a "T" or "P" on each line to indicate whether tax-deductible for business or personal use. Deduct the yearly credit card fees and interest that apply to deductible items for business or personal purposes.

## Strategy

**Create an Assets List as a part of your Wealth Checkup and for insurance replacement, in case of loss.**

If winning is not important, then why bother to keep score? Keeping score financially is done with a yearly "Wealth Check-Up." This identifies where all your money came from and where it went. Since there is no limit to the amount of money you can spend, the solution is taking better care of what you have. All the strategies you will learn in successive sections will help you do just that.

The first step in your "Wealth Check-Up" is to identify where you are. The second step is to do a yearly update.

For better or worse, you must know where you are financially. Only by planting your feet firmly on the ground can you generate the greatest momentum toward where you want to be—next year and beyond.