



What to *keep* and what to *throw*.

Dividing financial papers is as easy as 1,2,3:

- 1) Records kept for a calendar year.
- 2) Papers to save for seven years.
- 3) Items to be kept indefinitely.

Because many people are unsure of what to keep and what to throw, they keep everything. After researching this subject I have outlined a conservative approach. I prefer to err on the side of caution. *You may want to talk to your accountant for specifics regarding your business or tax concerns.*

ONE: Keep for one calendar year.

Cash receipts: If you are happy with the product and are not going to return it. Toss the receipt. Or save it for 30 days in case you want to exchange or return.

ATM and Deposit slips: Save until you have reconciled with the monthly statement.

Credit card slips: Keep receipts for major purchases or any receipt you may need at tax time. Discard minor purchases, grocery and gas receipts. *I keep all receipts for one year. I use them to double check prices or for warranties or returns. After tax time I shred any remaining receipts.*

Phone and Utility bills: Toss these after one year unless you deduct them as a business expense. (Then keep them with tax records.) These bills are helpful in establishing residency for voter registration, driver's licenses or mortgage applications.

Monthly or quarterly reports from mutual funds or brokerage companies: Wait until you receive the year end summary, check it against the monthly and quarterly reports and then throw away all of the monthly and quarterly reports.

Pay stubs: Save the final pay stub and W-2. They will document your earnings for the year. (If you are going to purchase a home - ***save these as proof of income.***)

TWO: Keep for seven years.

For more detailed information go to: www.irs.gov.com or US Securities and Exchange commission site: www.sec.gov.com

- Year end credit card statements
- W-2 forms (In case you are audited you must supply the back up information that you used to prepare your taxes.)
- 1099 forms.
- Cancelled checks and bank statements
- Receipts from business expenses

- Retirement account info
- Charitable contributions
- Child care and Alimony information
- Mortgage interest and property tax payments
- Medical Insurance information
- Home Insurance information
- Warranty documents-*keep for the life of the product*. When the toaster dies, throw the toaster *and* the warranty

THREE: Keep forever.

- The industry standard recommends saving tax returns for seven years. I save the actual tax returns for life, they don't take that much room and may be a valuable reference. I toss the supporting data after seven years.
- Year-end summaries of investment accounts. These are helpful for future financial planning.
- Receipts for major purchases and home improvement are important for insurance purposes. They may answer questions for potential home buyers or reduce possible capital-gains taxes when you sell the home. It is also important when questioning the guarantee of workmanship.
- Personal Health records. Keep a list of physicians and their contact information, medical history, immunizations, prescriptions and treatments.
- Loan documents. If you have paid off a loan, keep proof of payment indefinitely.
- Save all vital records or legal documents permanently, until your death. These include: adoption papers, birth and death certificates, citizenship papers, marriage and divorce decrees and social security cards.

Identity theft has become a real concern. Make sure you shred anything concerning your personal information.

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