

HOW LONG SHOULD I KEEP CERTAIN RECORDS?

Deciding which records to keep and for how long can be a confusing process, one that leads too many of us to keep everything “just to be safe”. Here are some timing guidelines to help organize your important clutter:

Taxes/Returns - At Least Seven Years: The IRS has three years from filing date to audit your return if they suspect good-faith errors, and six years to challenge your return if it thinks you under-reported your gross income by 25% or more. However, there is no time limit if you failed to file your return or filed a fraudulent return.

Retirements/Savings Plan Statements - One Year to Forever: Keep the quarterly statements from your 401(k) or other plans until you receive the annual summary; if everything matches up, then shred the quarterlies. Keep the annual summaries until retirement or account is closed.

Financial Institution Records - One Year to Forever: Go through your checks each year and keep those related to your taxes, business expenses, home improvements, and mortgage payments. Shred files that have no long-term importance.

Bills - One Year to Forever: Go through your bills once a year. In most cases, when the cancelled check from a paid bill has been returned, you can shred the bill. However, bills for big purchases—such as jewelry, electronics, furniture, etc.—should be kept in an insurance file for proof of value in event of loss or damage.

Credit Card Receipts/Statements - 45 Days to Seven Years: Keep original receipts until you get the monthly statement; shred receipts if they match up. Keep statements for seven years if tax-related expenses are documented.

House/Condo/Apartment Records - Six Years to Forever: Keep all records documenting the purchase price and cost of all permanent improvements—such as remodeling, additions or installations. Keep records of expenses incurred in selling and buying the property for six years after you sell your home.

Automobile Records - As Long As You Own Auto: Keep payment book until car is paid in full. Keep repair records, receipts for parts, and gas records until car is sold or traded. If used for business purposes, keep purchase and sales agreement for six years after car is sold or traded.

Other Important Documents to Keep FOREVER: Birth/Death Certificates, Marriage/Divorce Certificates, Military Documents, Immunization Record, Social Security Card, Insurance Claims, Accident Reports/Claims, Legal Correspondence.