

## **ASK SAVA: Financial Clutter – What to Keep, What to Get Rid Of**

**Question:** “One of my New Year’s Resolutions is to get myself organized. And that includes my financial records. But, I don’t know what to keep and for how long? Can you advise me?” S. M., W. Hartford, CT

**Answer:** We hear this Resolution frequently. Here are some simple guidelines to follow for getting your financial records organized.

### ***Keep until warranty expires or can no longer return or exchange:***

Generally, the rule of thumb here is only keep these if needed for tax purposes, which you would keep for 3 years.

### ***Keep for 1 month:***

ATM printouts. When you balance your checkbook each month, throw out the ATM receipts, or better yet, shred them.

### ***Keep for 1 year:***

- Paycheck Stubs (You can get rid of these once you have compared to your W2 and annual social security statement.)
- Utility Bills (You can throw out after one year, unless you’re using these as a deduction like a home office, then you would need to keep them for 3 years after you’ve filed that tax return.)
- Cancelled Checks (Unless needed for tax purposes, then keep for 3 years.)
- Credit Card Receipts (Unless needed for tax purposes, then keep for 3 years.)
- Bank Statements (Unless needed for tax purposes, then keep for 3 years.)
- Quarterly Investment Statements (Hold on to until you get your annual statement.)

### ***Keep for 3 years:***

- Income Tax Returns (Please keep in mind that you can be audited by the IRS for no reason up to three years after you filed a tax return. If you omit 25% of your gross income that goes up to 6 years, and if you don’t file a tax return at all, there is no statute of limitations.)
- Medical Bills and Cancelled Insurance Policies
- Records of Selling a House (Documentation for Capital Gains Tax)
- Records of Selling a Stock (Documentation for Capital Gains Tax)
- Receipts, Cancelled Checks and other Documents that Support Income or a Deduction on your Tax Return (Keep 3 years from the date the return is filed or 2 years from the date the tax was paid – whichever is later.)
- Annual Investment Statement (Hold onto for 3 years after you sell your investment.)

### ***Keep for 7 years:***

Keep Records of Satisfied Loans for 7 years.

***What to hold while active:***

- Contracts
- Insurance Documents
- Stock Certificates
- Property Records
- Stock Records
- Records of Pensions and Retirement Plans
- Property Tax Records Disputed Bills (Keep the bill until the dispute is resolved.)
- Home Improvement Records (Hold for at least 3 years after the due date for the tax return that includes the income or loss on the asset when it's sold.)

***Keep forever:***

- Marriage Licenses
- Birth Certificates
- Wills
- Adoption Papers
- Death Certificates
- Records of Paid Mortgages

Hopefully, these tips will help you keep that New Year's Resolution. Also, these documents should be kept in a very safe place, such as a safety deposit box. Many today make a CD with their documents as a backup to their hard copies, and keep the CDs in the box. But, keep in mind that CDs only last a few years. It may be best to keep a copy on hand of your important documents and the originals in your safety deposit box.

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***"Protect what you value the most!"***