

## Keep Records only as Long as You Must: Guidelines to File, Shred or Archive

80 percent of the paper that we file is **NEVER** referred to again. After one year it goes up to over 90 percent. **Egads**!! It's no wonder we can't find what we're looking for. Use my paper retention tips to melt your paper blizzard at work and home.

The IRS wants to see audited records on paper. The fear that keeps us going under is "I might need this someday". Sound familiar? Unfortunately that turns into "I know I had it here ... somewhere". Here's the real scoop on what you can shred and what you must keep!

### Personal and Permanent: Keep Forever

#### Tax returns & Audit reports

#### Family Legal Documents:

Birth certificate, Wills, Legal Power of Attorney, Power of Attorney - Health, Social security papers, Real estate transactions, Auto transactions & titles, passport, etc. **Make sure someone who is authorized to take action on your behalf knows the location of your original documents and has access.**

#### Insurance Documentation, Policies

#### Mortgage and Tax payments (receipts and checks)

#### Investments:

Brokerage year-end reports to verify when stocks were bought/sold/split and/or donated. A safety deposit box is recommended for investment plans, retirement plans (i.e., 401K), Stock options, permanent employee records, etc. **Make sure someone who is authorized to take action on your behalf knows the location of your original documents and has access.**

### Tax Audit Trail: Keep Six Years

#### Tax Audit records:

**Written documentation for each deduction:** receipts, quarterly/yearly statements, phone logs, 1099 or W-2, bank statements & checks, etc. **NOTE:** small businesses using a written transaction or auto log noting mileage and expenses do not have to retain receipts for items under \$75.00.

**After six years;** Put actual tax filing papers and any essentials (W-2s/1099s, see above forever list) into a permanent tax records archive. Then, dispose of outdated backup documentation and **SHRED**.

### Tossing: Lighten Your Load

**General memos and papers:** let go of the papers that are in your way today and you'll never use.

**Company guidelines:** Any company information for which another department holds master records. Any records for which you have been reimbursed.

**Any receipts that you are not going to deduct,** are non-related to real estate or investment transactions, and are not required for a warranty claim.

**Paycheck stubs** after receiving W-2 or 1099.

**Old drafts:** If there is a finalized version of a budget, contract etc., discard the older versions. Keep only hardcopy pages of significant material -- not entire drafts.

### Setting Up to Sort and Clean Up in Record Time

Start with a **trash can and a recycle bin**, then set up boxes for **shred, file-personal, file-business, archive-tax, archive-other, current to-do** (items that require action on your part). Use a standard archive box to sort your tax and essential personal archives by year into -- then, just label with year and basic description and put them in dry storage.

*Good luck with your Spring Shredding!*