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How Long Should I Keep It?

Auto Records: As long as you own the vehicle; for additional 7 years if tax related

ATM slips: Until you verify with bank statement

Banking records: Keep those related to business expenses, home improvements, taxes and mortgage payments, the rest can be shredded after one year

Brokerage statements: Until you sell the securities

Credit card statements: Seven years for tax-related purposes; otherwise, until you receive the interest statement issued by the company annually.

Dividend payment records: until you receive your annual statement

Health records: permanently

Home improvements: Seven years after sale of property

Household inventory and appraisal: as long as they're current. Update annually

Insurance Policies (auto, home, liability): through the statute of limitations

Insurance Policies (disability, medical, life, personal property, umbrella): for the life of the policy

Investment purchase records (stocks, bonds, antiques, real estate): as long as you own the investments (min. 7 years if tax related)

Investment sales records: seven years for tax purposes

IRA contributions: permanently

Mortgage or loan discharge: as long as you own the home, or seven years after the discharge

Pay stubs: until they're verified by a W-2 statement

Property bill of purchase: as long as you own the property

Receipts: seven years if includes a tax deduction. All receipts for large purchases (jewelry, TV, boat...) should be kept while item is owned for insurance purposes

Resumes: as long as they are current

Retirement/savings plan statements: until you receive the annual summary. Keep annual summaries until you retire or close account.

Safe-deposit box key and inventory: as long as they're current

Tax records: Seven years for supporting documents, the returns permanently

Utility bills: until you receive the cancelled check

Vital records and documents (birth certificate, social security card): permanently

Warranties/service contracts: until it expires or you no longer have property

Wills, trusts, estate plans: permanently

Why is it necessary to keep documents up to seven years?

The IRS has three years from your filing date to audit your return if it suspects good faith errors. The three-year deadline also applies if you discover a mistake in your return and decide to file an amended return to claim a refund.

The IRS has six years to challenge your return if it thinks you underreported your gross income by 25 percent or more. Six years from filing date = possibly seven year from purchase or sale, therefore, keep for seven.

There is no time limit if you failed to file your return or filed a fraudulent return.

Where should I keep these important documents?

Ideally, in a bank safe-deposit box (tax-deductible if you itemize). The second best option is in a fire-proof safe/file box.

The document is what the IRS needs if you are audited; no document, no deduction.