



## How Long to Hold On To Personal Documents

How long do you really need to hold onto a paper 401(k) statement or ATM receipt? Probably less time than you think. Most people maintain paper files for much longer than necessary. Here are the recommended holding periods for many of your personal documents:

### Employee Pay Stubs

If year-to-date information is reflected on the most recent pay stub, the individual statements from throughout the year are not needed. Save the most recent pay stub only until the checkbook has been balanced. **Note** that three to six months of history may be requested by some mortgage companies if you are planning to apply for a mortgage.

### Monthly Bills

Shred once payments clear on the bank statement. Proof of purchase for larger items should be maintained for insurance reasons (loss, theft).

### Utility Bills

Keep bills for three months unless you are writing them off for tax purposes.

### Canceled Checks

Keep until statement is received and reviewed. Maintain for seven years if business related.

### ATM Receipts

Shred once the checkbook has been balanced.

### Bank Statements

Maintain three months of bank statements if you're planning to apply for a mortgage. Otherwise, shred the statement once the checkbook has been balanced. Should you require them, banks will furnish copies of past statements upon request.

### Credit Card Receipts

Keep until statement is received and reviewed. Longer if item may be returned or is under warranty. Maintain for seven years if business related.

### Credit Card Statements

Maintain three months of statements.

### Insurance

Keep Home/Auto/Umbrella insurance records for five years or until the asset (home, auto, etc.) is sold, whichever is less.

### Medical

Premium insurance statements, doctor's bills, prescriptions, and hospital bills should be maintained for five years from the date of service.

## **Charitable Contributions**

Maintain receipts and acknowledgement letters with applicable tax returns.

## **Tax Returns & Supporting Documents**

The general rule is seven years. The IRS has three years to audit a tax return with the following exceptions: underreported income greater than 25 percent has a six-year statute of limitation; **note:** fraud has no time limit!

## **Investment Documents**

Capital gains and 1099 forms should be maintained for seven years with the corresponding tax return. Confirmations of trades in non-retirement accounts should be maintained indefinitely or until the asset is sold in order to determine the cost basis and related capital gain on the sale of the asset. Then they should be included with the tax return support for the year of the sale. Prospectuses, Annual K12 and 10-K reports, and other informational documents can be discarded immediately (after reading, of course).

## **Non-Deductible IRA Contributions**

Maintain indefinitely or until the money is withdrawn from the IRA.

## **401(k) Statements**

Shred quarterly statements once the annual summary arrives. Maintain annual summaries until the account is closed.

## **Home Repairs**

Maintain as long as you own the property, but no less than 10 years because of warranty and workmanship guarantees.

## **Warranties**

Keep as long as you own the product; shred once the product has been discarded.

## **Auto Records**

Maintain as long as you own the car.

## **Satisfied Loans**

Maintain record of final payment for seven years.

## **Mortgage**

Maintain as long as the mortgage is open. Once paid off, maintain for seven years.

## **Home Purchases**

Purchase price of home and documentation of capital improvements, such as a deck or a roof repair. Maintain until the home is sold.

## **Permanent Documentation:**

There are also some types of documents you should never discard. Some examples include: **birth certificates, adoption paperwork, education records, professional license records, military records, marriage licenses, divorce decrees, and death certificates.**