

Financial Records: What to Save? What to Toss?

Here's a way to stay on top of your financial clutter. This list is a guide for which financial records you need to keep and which ones you can toss. *Remember to shred any documents that contain personal information.*

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Clear Out Monthly

- **Credit card receipts** Toss after you've matched them to your monthly statement. Exception: Keep statements/receipts for major purchases, items with warranties and tax-related expenses.
- **Sales receipts** Toss once you've used the item; if it's a receipt for a tax-related expense or home improvement, keep receipt seven years. If the item has a warranty, keep for the life of the warranty. Keep receipts for expensive items such as jewelry, art, antiques, furniture or computers in your insurance folder in case you need to prove their value.
- **ATM receipts** Toss once you've record the transaction in your check register and matched the amounts up to your bank statement.

Clear Out Yearly

- **Paycheck stubs** Keep until you've reconciled them with your W-2 or 1099 forms.
- **Monthly bank statements** Keep the ones related to taxes, your business expenses, housing or improvements and mortgage payments. If you made big purchases such as jewelry, rugs, appliances, collectibles, computers, furniture, or sports vehicles, etc. keep payment records for proof of value in the event of loss or damage.
- **Monthly or quarterly investment statements** Shred once you've checked them against the annual statements. Keep investment trade confirmations.
- **Monthly mortgage statements** Toss as long as your annual statement shows the total amount you've paid in interest & real estate taxes during the year.

Keep 3 Years

- **Credit card statements** Exceptions: If they have tax-related expenses such as charitable contributions on them, keep seven years. If they include home improvement records, keep permanently.
- **Medical bills** (in case of insurance disputes)
- **Utility records** (unless you have a home office, make business calls from your home phone or know you will need to prove long-term residency.)
- **Expired insurance policies**

Keep 7 Years

- **All tax records** The IRS has 6 years to go back if they think you underreported your taxable income by more than 25%. This includes cancelled checks and receipts for:
 - ✓ Mortgage interest and real estate taxes
 - ✓ Retirement plan contributions
 - ✓ Tax-related medical expenses
 - ✓ Home office deductions
 - ✓ Child care expenses
 - ✓ Charitable contributions
 - ✓ Alimony
 - ✓ And all other supporting documents for tax related expenses
- **Year-end credit card statements if tax-related expenses are documented**
- **Wage garnishment**
- **Accident reports and claims**

Keep Indefinitely

- **Income tax returns**
- **Income tax payment checks**
- **Retirement and pension records** (Forms 5448, 1099-R & 8606 until all distributions are made from your IRA or other qualified plan)
- **Forms W-2, 1099 and schedule K-1s from partnerships**
- **Year-end statement summaries from investment accounts including retirement plans**
- **Investment trades confirmations for 6 years beyond selling**
- **Records for purchases & sales of real estate** (including mortgages, deeds, leases, legal fees, real estate commissions paid for 6 years beyond agreement)
- **Home improvement expense records/checks and receipts** (for 6 years after property sold)
- **Receipts for major purchases**
- **Legal records**
- **CPA audit reports**
- **Car records** (until the car is sold)
- **Insurance policies** (for the life of the policy)
- **Depreciation schedules and other capital asset records** (keep three years after the tax life of the asset)
- **Important correspondence**

For more information, see IRS Pub. 552 (irs.gov)