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# Shred Fest Marin 2009

At VitaVie Financial Planning, we help families. Shredding documents may seem simple on the outside, but it actually aligns with some of our core values. We believe in starting fresh, reducing unnecessary risk, and making sure families have more fun!

See you at Shredfest 2009!

Saturday, October 3, 2009 • 9:00am-12:00pm  
Blithedale Plaza (E. Blithedale @ Camino Alto) in Mill Valley

## What to Keep & What to Shred

### Keeping Financial Records

#### *What to keep and for how long?*

Managing your family's finances creates a lot of paper. Tax returns, bank statements, bills and receipts can quickly take up valuable real estate in your home office, kitchen or garage.

Here are some suggestions about how long to keep personal financial and investment records.

#### Taxes – 7 Years

- Returns and supporting documents, including canceled checks, receipts, charitable contributions receipts, mortgage interest statements, retirement plan contribution statements and any records of tax deductions taken (childcare expense, credit card receipts used for business, etc.).

Why seven years? The IRS has three years from the filing date to audit a tax return and six years to challenge a return if gross income is underreported by more than 25%. If no return is filed, there is no time limit for the IRS to conduct an audit.

#### Bank Records – 1 Year to Permanent

*If you receive monthly statements, these are probably clogging up your inbox and filing cabinets.*

- Each year go through all checks/statements and keep the ones with long-term importance, such as those related to taxes, business expenses, home improvements and mortgage payments.
- Thanks to online banking and electronic statements, there is no need to keep monthly statements unless used to support tax-related expenses.

#### Bills and Receipts – 30 Days to Permanent

*Most bills can be shredded once you pay them.*

- Keep bills/receipts for large purchases – such as appliances, cars, furniture, computers, jewelry, rugs, etc. For insurance purposes, maintain these in a file for proof of their value in the event of damage or loss.

#### Credit Card Receipts/Statements – 45 Days to 7 Years

- Keep original receipts until the later of when the monthly statement is received or store return policy expires. Shred receipts if they match the monthly statement and store return policy exceeded.
- Keep statements, if tax-related, for seven years from when tax return filed.

#### Paycheck Stubs – 1 Year

- Maintain records of all paycheck stubs until W2 is received from employer. Verify that all information is accurate and matches paycheck stubs. If yes, shred stubs. Otherwise, request a corrected form, known as a W-2c.

#### Retirement Plan Statements – 1 Year to Permanent

- Keep all quarterly statements until annual summary is received. If the information matches up, shred quarterly statements.
- Keep all annual statements until retirement or the account is closed.

## IRA Contribution Records – Permanent

*Typically two types of statements are received regarding an Individual Retirement Account (IRA): one indicates contributions made, and the other shows how much is in the account.*

- If you have non-deductible contributions to a traditional or Roth IRA, maintain these records indefinitely as proof that tax has been paid on this money. This is critical information to avoid paying any tax on a qualified withdrawal.
- Quarterly account statements can be shredded after reconciliation with the annual summary for that year.
- Keep all annual summaries until you start withdrawing from the account.

## Brokerage Statements – 1 year or Until Sale

- Maintain all purchase or sales confirmation slips from brokerage or mutual fund accounts until the sale of those securities to prove any capital gain/loss from the sale at tax time.
- If you do not receive security specific confirmation slips, keep the monthly statement indicating the purchase until the security is sold.
- Keep monthly/quarterly brokerage statements until the annual summary is received. Reconcile the statements. If all information is correct, shred monthly/quarterly brokerage statements.

## House/Condo Records – 7 years to Permanent

- Keep all documents identifying the purchase price and cost of permanent improvements (e.g., remodeling, installations and additions).
- Hold onto records of expenses incurred in the buying and selling of the property for seven years after the sale of the home/condo. This includes broker and legal fees, as well as real estate commissions.
- These records are important as they are added to the original purchase price of the home/condo. This increases your cost basis and lowers your capital gains tax when you sell the property.

## Time to Shred

*What types of documents should you shred to protect your identity?*

### Personal Information

- Telephone numbers and addresses
- Driver's License and Passport Numbers
- Educational Information (Transcripts)
- Credit Card Numbers
- Credit Card Applications
- Old Credit Cards
- Bank Account Information
- Social Security Numbers
- Insurance Policies
- Paycheck stubs over 1 year old

### Files and Records

- Tax Records over 7 years old
- Paid Bills
- Unimportant Bank Statements
- Brokerage Statements over 1 year old
- Retirement/IRA account quarterly statements after reconciled with annual summary

If you are unsure about whether or not you will need a specific financial document for your individual situation, consult your financial planner, tax advisor, or attorney.

