

Records Retention Guidelines

How long should one keep tax records?

The Internal Revenue Service (IRS) has a six-year statute of limitations on auditing a return. Keep all records of income or deduction expense for six years. Filing a fraudulent return or failing to file a return eliminates any statute of limitations for an audit by the IRS. If you hire a tax specialist, check to see how many years you should keep your records. You might want to consider scanning back-up documentation for your tax returns to decrease the amount of paper you need to save.

All cancelled checks are not necessary to support tax deductions. Save only those checks that substantiate a specific income tax deduction, such as checks paying for medical/dental expenses or charitable contributions. Putting a "T" for "tax" in the memo blank of a check when you write it might help you sort cancelled checks faster. In cases where your only record is a duplicate check, you may need the monthly checking account statement to verify that the check went through.

Keep a copy of filed tax returns. A prior tax return copy can be obtained from the IRS center where you filed your return. Complete Form 4506, Request for a Copy of your Tax Form, and pay the fee. IRS center addresses are listed in most Internal Revenue Service publications or on their website, irs.gov.

IMPORTANT NOTE: These guidelines are offered as information only; not as specific legal or tax advice. For specific current information, consult with your personal legal or tax advisors, or the Internal Revenue Service.

PERSONAL AND FAMILY RECORDS		
Birth, marriage and death certificates	Safe deposit box or fireproof home storage	Permanently
Adoption and custody papers	Safe deposit box or fireproof home storage	Permanently
Citizenship papers	Safe deposit box or fireproof home storage	Permanently
Divorce and separation papers	Safe deposit box or fireproof home storage	Permanently
Military papers	Safe deposit box or fireproof home storage	Permanently
Will	Safe deposit box (if jointly rented); copy with spouse or executor	Until a new one is made
Living will; durable power of attorney for healthcare; values dialogue	Home file, safe deposit box, copies with agents, family members & primary physician	Duration of ownership Update annually or as needed
Passports	Safe deposit box or fireproof home storage	Until replaced
Social security card	Home file (locked)	Permanently
Diplomas, transcripts	Home file	Permanently
Medical history and records	Home file	Permanently; Update as needed
Employment records	Home file	Permanently
Valuable documents inventory	Home file; copy with executor or family member	Permanently; Update as needed
PROPERTY RECORDS (include rental property)		
Real property deeds, title papers, abstracts, mortgage and other lien documents	Safe deposit box	Duration of ownership plus a minimum of seven years
Cemetery lot deed	Safe deposit box; copy with spouse or executor	Duration of ownership
Tax assessment notices, purchase contracts, records of capital improvements, major repairs	Safe deposit box	Duration of ownership plus seven years
Motor vehicle titles, purchase receipts	Safe deposit box	Duration of ownership
Auto service/repair records	Home file	Duration of ownership
Auto insurance card and car registration	In vehicle as required by law	As long as current

PROPERTY RECORDS, CONTINUED (include rental property)

Inventory of household goods; photos or videotapes of contents; receipts, appraisals, photos of jewelry and/or other valuables	Safe deposit box; copy in home file	Duration of ownership Update annually or as needed
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FINANCIAL RECORDS AND IRS RELATED ITEMS

Stocks, bonds, securities; year-end brokerage statements; trade confirmations and purchase records	Safe deposit box; listing in home file	Duration of ownership plus six years
Bank statements, check registers	Home file	Duration of ownership plus seven years
Cancelled checks (or imaged bank statements)	Home file	Minimum three years; as long as seven years
Certificates of deposit	Safe deposit box; listing in home file	Duration of ownership plus six years
List of credit cards, ATM cards, debit cards, credit contracts, record of credit payments and account statements	Home file	Duration of account or obligation plus six years
Trust agreements	Safe deposit box; listing in home file	Permanent
Charitable contribution deduction records	Home file	7 years after last reporting on tax return
Insurance policies, records of claims made and paid	Home file; list of policies in safe deposit box	Generally accepted practice is life of policy plus three years. Check with your insurance company regarding liability for previous years.
Income tax returns with backup documents, such as receipts for deductible expenses, 1099 forms, W-2 forms, etc.	Fireproof home file	Minimum seven years after filing. You should keep payroll records until you begin receiving Social Security benefits
IRA and Keogh statements and records	Home file	Six years after termination
Loan records	Fireproof home file	Seven years after payoff
Medical bills	Home file	Six years after payment
Major purchase receipts	Home file	Warranty expiration or Duration of ownership
Household bills (utilities, etc.)	Home file	One year after payment

Opinions differ (sometimes widely) on how long some items should be kept. It is always better to keep something too long than not long enough. Consider electronic scanning as a way of reducing the amount of paper you have on hand. Scanned documents can be put on a USB flash drive and stored in a safe deposit box or other safe place quite easily.

You should also remember that while banks, employers, the IRS, Social Security, medical providers, etc. do keep archived records, the burden of proof often rests on you to provide pertinent records or back-up documentation.

Identity theft has become a major problem. Be sure to keep important papers and records locked and in a safe place. Buy an inexpensive paper shredder (confetti or crosscut rather than strip-cut) and shred anything you throw away that has your name, address or other personal information. Pre-approved credit card offers and other items that come in the mail and could be fraudulently used should also be shredded.

Information contained in this brochure is for purposes of information and education only and is not intended as either tax or legal advice. Consult your personal tax and/or legal advisor for specific information.