

## What papers do I really need to keep and for how long?

Stay on top of your financial clutter. This list will be a guide for which financial records you should hang on to and which ones you can toss.

### Clear out monthly:

- **Credit card receipts** – You can pitch after you have matched them up to your monthly statement.
- **Sales receipts** – For most small purchases you can get rid of the receipt once you have used the item; however, if it is a receipt for a major purchase (with a warranty), a tax deductible expense or a home improvement, hang on to them (see below for more details). Also, if you have bought expensive items such as jewelry, art, antiques, furniture or computers keep these receipts in your insurance folder in case you ever need to prove what they are worth.
- **ATM receipts** – Toss them once you've recorded the transaction in your check register and matched the amounts up to your bank statement.

### Clear out each year:

- **Credit card statements** – Toss these if they don't have any important tax information on them (if they do keep with tax records for 7 years).
- **Paycheck stubs** – you don't need these once you have reconciled them with your W-2 or 1099 forms.
- **Monthly bank statements and Credit card statements** – you don't need them unless they include information on tax deductible expenses.
- **Monthly or quarterly investment statements** – These can be shredded once you have checked against the annual statements.
- **Utility and phone bills** – dump these unless you have a home office for tax purposes, make business calls from your home phone or see that you will need to prove long-term residency).
- **Monthly mortgage statements** – as long as your annual statement shows the total amount you have paid in interest and real estate taxes during the year.

### Hang on to for seven years –

- **Records for tax deductions taken.** 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, out of pocket medical expenses, child care expense, home office deductions, charitable contribution and other tax related expenses.
- **W-2 and 1099 forms**
- **Year end statements from credit card companies**

### **Hang onto indefinitely**

- **Tax returns**
- **Year end summaries from investment accounts**
- **Confirmations for investments that you still own**
- **Records for purchases and sales of real estate**
- **Home improvement records**
- **Receipts for major purchases**

For more information see IRS Publication 552 ([www.irs.gov](http://www.irs.gov))

*Remember to shred any documents that contain personal information.*