

How Long and Where to Keep Financial Papers

By Robyn M. Young

As part of my Daily Money Management services, I frequently purge unnecessary documents from my clients' files. Spring is a perfect time to do this. The lengthening day light hours make the task easier, and the extra space in file cabinets is a welcome relief from cramped, cuticle-tearing folders. When done annually, clearing out files doesn't take much time.

You can think about documents in terms of storage time and storage location.

There are four lengths of storage time:

- 1) A year or less
- 2) Length of ownership of an item
- 3) Seven years
- 4) Indefinitely

I recommend three storage locations:

- 1) **Active Files** – Keep in a place where you can access them readily such as a file drawer near where you pay bills;
- 2) **Storage files** – Keep in a more distant location, such as the basement or an unused bedroom, where you can still access the papers but don't need to get into them daily, weekly or monthly;
- 3) **Safe deposit box or high-quality safe** – Keep vital records and difficult-to-replace documents here.

Scanned documents stored in your computer and in an external hard drive can replace paper files.

What records do you need to keep? I have compiled a chart below that summarizes where and how long to keep many of your financial and important documents. When you discard papers that have personally identifying information, like social security and bank account numbers, be sure to shred them.

Where and How Long to Keep Financial Papers

Document	Storage Location	Length of storage	When to Discard
Bills (paper)	Designate a folder at your work space to hold bills to be paid. Once paid, store in Active Files.	Couple of months	Once the next bill has arrived and it acknowledges receipt of previous payment.
Bank Deposit slips and ATM Receipts	Active Files	One month	After you have reconciled your bank statement.
Bank Statements	Once reconciled: Active Files Keep statements that list tax deductions with Tax Records.	Until tax time unless needed for tax deduction documentation	Once your tax return is completed.
Credit Card Bills	Active Files Keep statements that list tax deductions with Tax Records.	Couple of months unless needed for tax deduction documentation	Once the next bill has arrived and it acknowledges receipt of previous payment.
Estate Planning Documents	Safe Deposit Box Keep a copy in your Storage Files.	Indefinitely	Don't discard Have your attorney and executor keep copies.
Insurance Policies	Storage Files	One year	When replacement policies arrive.
Investment Purchase Confirmations	Storage Files (3-ring binders work well)	Length of Ownership You need these to establish the cost basis when you sell.	When you sell the security, move the confirmations to Tax Documents.
Investment Statements (brokerage, IRA, 401K, Keogh, 403B, etc.)	Active Files (3-ring binders work well)	Monthly and Quarterly Statements: A year or less Year-end statements: Length of ownership	Monthly and Quarterly Statements: When new statement arrives. Keep year-end statements until the account is closed.
Life Insurance Policies	Safe Deposit Box	Term Insurance : Length of the term Whole Life, etc.: Indefinitely	Term: When the insurance term ends Whole Life, etc.: Don't discard



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Document	Storage Location	Length of storage	When to Discard
Loan Documents	Safe Deposit Box Keep copies in Storage Files	Length of Ownership	The item is sold or the loan is paid off.
Medical records	Active Files	One year unless needed for tax deductions	After one year Put records needed for tax deductions with Tax Records.
Paycheck stubs	Active Files	One year or less	Once W-2 has arrived. Compare for accuracy
Pension Plan Documents	Storage File Cabinet	Length of Ownership	Don't discard
Receipts from debit card and credit card purchases	Active Files	One to two months If needed for a warranty, staple to the warranty.	Once you have compared the receipts to the credit card bill or bank statement.
Savings Bonds	Safe Deposit Box	Length of Ownership	When you sell the bonds or cash them in
Social Security Statements	Storage Files	One year	When the new statement arrives
Stock Certificates	Safe Deposit Box Or, have the company hold the certificates	Length of ownership	When you sell or give away the stock
Tax Records for the current year	Active Files	Keep in active files until the tax return is filed	Store seven years with the tax return.
Tax Returns for past years	Storage files	Seven years minimum	After seven years, shred the supporting Tax Documents. Keep the returns indefinitely.
Vehicle Maintenance and Repair Records	Storage files	Length of ownership	When the vehicle is sold
Vehicle Titles and Purchase Receipts	Safe Deposit Box	Length of Ownership	When the vehicle is sold
Vital Records: Birth Certificates, Divorce Decrees ; Marriage Licenses, Military Discharge Papers, Social Security Cards	Safe Deposit Box Memorize your Social Security number. Don't carry the card in your wallet.	Indefinitely	Don't discard
Warranties & Owners Manuals	Storage Files	Length of Ownership	Staple the purchase receipt to the warranty or manual. Discard along with the item.