

When to Shred Documents

By Jeff Peller, Director of Planning

When it comes to financial documents, it can be easy to accumulate clutter. After all, you may think that you'll someday need those old bank statements or insurance policies. Fortunately, you don't have to keep every document. By getting rid of the clutter, you can stay organized and make it easier to find the truly important information when you need it.

Below is a list of the financial documents you need to keep and those you can shred or delete after a period of time. To help you maintain organized records, we encourage you to buy a scanner and store as many documents electronically as possible. Keeping these records in a safe place where you and others can easily find them can save you time and greatly increases the likelihood that they will not get lost. If you need help collecting and understanding these documents, please contact your financial advisor.

Type of Document	How Long to Keep and Why
Vital records Adoption papers, birth certificates, citizenship papers, death certificates, divorce decree, health records, marriage certificates, military records, pension plan documents, retirement plan benefits, Social Security card, veteran's service records	Permanently
Taxes and records for tax deductions Tax returns Canceled checks and receipts (alimony, charitable contributions, mortgage interest and retirement plan contributions)	Seven years after filing date You have three years from the date you filed your return to amend it if you made a mistake or forget anything. The IRS also has the same three years to audit your return under normal circumstances. The IRS has six years to challenge your return if it thinks you underreported your gross income by 25% or more. There is no time limit if you failed to file your return or filed a fraudulent return.

Type of Document	How Long to Keep and Why
<p>IRA contribution records (Form 8606)</p>	<p>Seven years after IRA is liquidated to permanently</p> <p>If you made a nondeductible contribution to an IRA, keep the records as long as the account is open or for seven years after the IRA is fully liquidated to prove that you already paid tax on this money.</p>
<p>Bank records</p>	<p>One to seven years</p> <p>Most bank records are available online and you can obtain a copy if needed. However, you should also keep copies of documentation related to your taxes, business expenses, home improvements and debt payments.</p>
<p>Credit card receipts and statements</p>	<p>45 days to seven years</p> <p>Keep your original receipts until you get your monthly statement; shred the receipts if the two match up. Keep credit card statements for seven years if tax-related expenses are documented. For items under warranty, keep until the warranty expires or until you dispose of the item. Keep the warranty as long as you own the property and it is valid.</p>
<p>Bills</p>	<p>One year to permanently</p> <p>Most bills can be shredded once payment is confirmed. However, bills for large purchases—such as jewelry, rugs, appliances, antiques, cars, collectibles, furniture and computers—should be kept in an insurance file for proof of their value in the event of loss or damage.</p>

Type of Document	How Long to Keep and Why
<p>Brokerage statements</p> <p>Purchase confirmations</p>	<p>Keep cost basis information until you sell the securities</p> <p>You need to keep the cost basis information (purchase confirmations) from your brokerage or mutual fund to prove whether you have capital gains or losses at tax time. Effective January 1, 2011, custodians are required to maintain and report accurate cost basis on covered securities to the IRS with the following effective dates:</p> <ul style="list-style-type: none"> • Equities acquired on or after January 1, 2011 • Mutual funds, ETFs and dividend reinvestment plans (DRIPs) acquired on or after January 1, 2012 • Other securities, including fixed income and options, acquired on or after January 1, 2014 <p>Any securities purchased on or after these dates are considered covered securities and any securities purchased before these dates are considered uncovered securities. For any uncovered securities, you will still be required to maintain cost basis information. If everything you own has been purchased within the account, there should not be cost basis issues to resolve.</p> <p>Many documents, including bank and brokerage firm statements, are now available in electronic form and are often accessible on bank and brokerage firm websites for years. Banks and brokerage firms have different policies for how long they keep documents online and how much they will charge you to retrieve a copy of an older document.</p> <p>Most will hold on to cost basis information while the account is in existence. If the customer switches firms, the information will often be transferred to the receiving institution.</p>
<p>Stock certificates</p>	<p>Never hold them yourself</p> <p>Deposit them into an account at a custodian like Schwab, Fidelity or TD Ameritrade.</p>

Type of Document	How Long to Keep and Why
Savings bonds	Convert to electronic bonds at the U.S. Treasury
Annuity contracts	Until the annuity is paid out
House/condominium records	<p>Seven years to permanently</p> <p>Keep real estate deeds permanently.</p> <p>Keep all records documenting the purchase price and the cost of all permanent improvements, such as remodeling, additions and installations. Keep records of expenses incurred in selling and buying the property, such as legal fees and your real estate agent's commission, for six years after you sell your home.</p> <p>Holding on to these records is important because any improvements you make on your house, as well as expenses in selling it, are added to the original purchase price or cost basis. This adds up to a greater profit (also known as capital gains) when you sell your house. Therefore, you lower your capital gains tax.</p>
Loan documents	<p>Permanently</p> <p>Keep loan discharge documents and satisfactions of mortgage permanently as written proof you have paid off the debt.</p>
Insurance	<p>One year after replacing policy to permanently</p> <p>Keep insurance paperwork for as long as you have the policy and keep documentation for any unresolved claims of coverage. Keep invoices and annual statements until the next one arrives. Keep annually renewed policies until after renewal policy statement arrives. Keep term life insurance until after the term expires. Keep permanent life insurance policies until benefits are paid or the policy is cancelled or replaced.</p>

Type of Document	How Long to Keep and Why
<p>Estate planning documents</p>	<p>When updated and signed</p> <p>Wills, powers of attorney, advanced health care directive, revocable trusts, trustee guidance letters, memorandums of personal property disposition, legacy letters, etc. should be reviewed at least every five years. If you make changes, discard the old documents and only keep the current version to avoid confusion.</p>
<p>Other documents</p> <p>Credit report, document locator, household inventory, financial statement, 401(k) statements, passport, password list, Social Security statement</p>	<p>Until you create or receive a new one</p>

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