KEEP OR TOSS?

A simple guide to managing your financial archives

Use this handy guide to (finally!) downsize your files—or even go paperless using our secure digital vault. Questions? Call us any time. We're here to help!

KEEP

While some tax professionals recommend saving all returns for eternity, we recommend holding on to the past 15 years of returns— not 50! Here's the scoop on everything else:

Keep copies of these required tax documents for three years following the date of filing or the due date of your tax return, whichever is later:

- W-2 forms
- 1099 forms reporting interest, dividends, capital-gains distributions, and other income
- canceled checks and receipts for charitable donations
- records showing eligible expenses for other deductions and credits
- records showing eligible expenses for health savings account (HSA) and 529 withdrawals
- any other information you need to document income or deductions

Keep stock purchase records that show the initial purchase price for individual stocks and mutual funds so you can calculate your basis when you sell them.

Keep records of inherited stocks or funds, including the value on the day the original owner died so you can calculate your basis when you sell them.

Keep deeds, titles, and receipts for your home, including purchase price, mortgage receipts, and major improvements for as long as you own your home. If you sell your house at a profit of $500K or more, certain expenses may help lower your tax bill. (You can toss these docs three years after selling your house.)

Keep year-end investment statements for one year or until new statements are reconciled.

Keep 8606 forms for nondeductible contributions to traditional IRAs and 401(k)s until assets are withdrawn to avoid overpaying taxes.

Keep tax forms for retirement accounts such as IRAs until seven years after the accounts are fully depleted.

Keep proof of minimum essential health insurance coverage and records of any subsidy you received through the ACA.

Keep tax records for 6 years if you're self-employed, own a business, or have household or other employees. (The IRS has up to 6 years to audit anyone who neglects to report more than 25% of his or her income.) Additional documents you'll need to save include:

- invoices
- mileage logs
- bills
- credit card and other receipts
- proofs of payments
- canceled checks
- W-2 and W-4 forms
- employee benefit forms

TOSS

Protect your identity! Always use a cross-cut shredder to destroy unneeded financial documents—especially anything that contains your social security number or other personal information.

Toss supporting documents for tax returns older than three years (that's how long the IRS has to initiate an audit).

Toss old medical receipts that aren't claimed as a medical expense deduction.

Toss duplicate and old receipts, including ATM receipts, bank withdrawal and deposit slips, and credit card receipts once they've been verified online or with your monthly statements.

Toss monthly bills that aren't needed for tax purposes.

Toss paycheck stubs once they are verified against your year-end statements, including your W-2 and Social Security statement.

NEED CLARIFICATION? GIVE US A CALL. WE'RE HERE TO HELP.

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