

To Keep or Not to Keep: Records Retention

By Tony Delligatti

As you begin to organize your personal and/or business papers in anticipation of filing your taxes there is no time like the present to think about all of the paper that has been piling up over the past year...or years. The length of time to keep documents and records is not set by hard and fast rules, but the following information provides some general guidelines regarding how long to keep certain documents or records.

Tax returns and documentation: Whether personal or business, the general rule is seven years. Though the IRS generally has only three years to audit you from the date you file your taxes, there are exceptions to this general rule for certain types of IRS investigations.

Personal health records: Your personal health records and your family's should be kept indefinitely in your home file records and should include the following information: complete contact information of personal physicians for yourself and each family member; medical history for yourself and each family member; and prescriptions and/or treatments prescribed for yourself and for each family member.

Medical insurance: This includes your premium statements, doctor bills, copies of prescriptions. You should keep these documents and records five years from the date of the service rendered.

Mortgage documents: These documents should be kept indefinitely. Home repair bills and contracts: These records should be kept for ten years in case you need to prove guarantees of workmanship or if there is a legal dispute.

Warranty documents: The general guideline is to dispose of a warranty at the date of expiration.

Pay stubs: Do you still have your first pay stub from your first job... and every pay stub thereafter? The general rule is to keep the year-long worth of stubs until you reach the year-end check of December 31st that recaps the entire 12 months worth of pay, social security, taxes, etc. You should keep your year-end summary indefinitely.

Bank statements: You should keep these documents from one year to permanently. Throw away checks that have no long-term importance, but keep checks related to your taxes, business expenses, and housing and mortgage payments.

Credit card statements: You should keep these documents from 45 days to seven years. Keep the statements seven years if they document tax-related expenses.

IRA contributions: You should keep these permanently.

Retirement/Savings plan statements: Keep the quarterly statements until you receive your annual summary; keep the annual summaries until you retire or close the account. Brokerage statements: You should keep these documents until you sell your securities.

Utility bills: If you are writing off your utility bills for tax purposes, you may need to keep them as tax records. Otherwise, the general rule is to keep bills for three months.

With records retention, when in doubt, the general rule to follow is to keep all records for ten years. Also, consider purchasing and using a paper shredder to dispose of the records and documents you no longer need. Identity theft has become a major concern, and it is better to invest the time and money into shredding your documents than to risk identity theft.

If you have any questions regarding records retention, for your business or personal records, please contact Tony Delligatti, or your CPM attorney at 614-228-6135.