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.

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# Summary of Storage Locations and Times for Common Documents

<table>
<thead>
<tr>
<th>Document</th>
<th>Storage Location</th>
<th>Length of storage</th>
<th>When to Discard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bills (paper)</td>
<td>Designate a folder at your work space to hold bills</td>
<td>Couple of months</td>
<td>Once the next bill has arrived and it acknowledges receipt of previous payment.</td>
</tr>
<tr>
<td></td>
<td>to be paid. Once paid, store in Active Files.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Deposit slips and ATM Receipts</td>
<td>Active Files</td>
<td>One month</td>
<td>After you have reconciled your bank statement.</td>
</tr>
<tr>
<td>Bank Statements</td>
<td>Once reconciled: Active Files</td>
<td>Until tax time unless needed for tax</td>
<td>Once your tax return is completed.</td>
</tr>
<tr>
<td></td>
<td>Keep statements that list tax deductions with Tax</td>
<td>deduction documentation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Records.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Card Bills</td>
<td>Active Files</td>
<td>Couple of months</td>
<td>Once the next bill has arrived and it acknowledges receipt of previous payment.</td>
</tr>
<tr>
<td></td>
<td>Keep statements that list tax deductions with Tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Records.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estate Planning Documents</td>
<td>Safe Deposit Box</td>
<td>Indefinitely</td>
<td>Don’t discard</td>
</tr>
<tr>
<td></td>
<td>Keep a copy in your Storage Files.</td>
<td></td>
<td>Have your attorney and executor keep copies.</td>
</tr>
<tr>
<td>Insurance Policies</td>
<td>Storage Files</td>
<td>One year</td>
<td>When replacement policies arrive.</td>
</tr>
<tr>
<td>Investment Purchase Confirmations</td>
<td>Storage Files</td>
<td>Length of Ownership</td>
<td>When you sell the security, move the confirmations to Tax Documents.</td>
</tr>
<tr>
<td></td>
<td>(3-ring binders work well)</td>
<td>You need these to establish the cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>basis when you sell.</td>
<td></td>
</tr>
<tr>
<td>IRA, 401K, Keogh, 403B, etc.)</td>
<td></td>
<td>year or less</td>
<td>Keep year-end statements until the account is closed.</td>
</tr>
<tr>
<td></td>
<td>(3-ring binders work well)</td>
<td>Year-end statements: Length of ownership</td>
<td></td>
</tr>
<tr>
<td>Life Insurance Policies</td>
<td>Safe Deposit Box</td>
<td>Term Insurance : Length of the term</td>
<td>Term: When the insurance term ends</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Whole Life, etc: Indefinitely</td>
<td>Whole Life, etc: Don’t discard</td>
</tr>
<tr>
<td>Document</td>
<td>Storage Location</td>
<td>Length of storage</td>
<td>When to Discard</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>------------------------------</td>
<td>----------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Loan Documents</td>
<td>Safe Deposit Box</td>
<td>Length of Ownership</td>
<td>The item is sold or the loan is paid off.</td>
</tr>
<tr>
<td></td>
<td>Keep copies in</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Storage Files</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical records</td>
<td>Active Files</td>
<td>One year unless needed for tax deductions</td>
<td>After one year Put records needed for tax deductions with Tax Records.</td>
</tr>
<tr>
<td>Paycheck stubs</td>
<td>Active Files</td>
<td>One year or less</td>
<td>Once W-2 has arrived. Compare for accuracy.</td>
</tr>
<tr>
<td>Pension Plan Documents</td>
<td>Storage File Cabinet</td>
<td>Length of Ownership</td>
<td>Don’t discard</td>
</tr>
<tr>
<td>Receipts from debit card and credit card</td>
<td>Active Files</td>
<td>One to two months</td>
<td>Once you have compared the receipts to the credit card bill or bank statement.</td>
</tr>
<tr>
<td>purchases</td>
<td></td>
<td>If needed for a warranty, staple to the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>warranty.</td>
<td></td>
</tr>
<tr>
<td>Savings Bonds</td>
<td>Safe Deposit Box</td>
<td>Length of Ownership</td>
<td>When you sell the bonds or cash them in</td>
</tr>
<tr>
<td>Social Security Statements</td>
<td>Storage Files</td>
<td>One year</td>
<td>When the new statement arrives</td>
</tr>
<tr>
<td>Stock Certificates</td>
<td>Safe Deposit Box Or, have</td>
<td>Length of ownership</td>
<td>When you sell or give away the stock</td>
</tr>
<tr>
<td></td>
<td>the company hold the</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>certificates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Records for the current year</td>
<td>Active Files</td>
<td>Keep in active files until the tax</td>
<td>Store seven years with the tax return.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>return is filed</td>
<td></td>
</tr>
<tr>
<td>Tax Returns for past years</td>
<td>Storage files</td>
<td>Seven years minimum</td>
<td>After seven years, shred the supporting Tax Documents. Keep the returns</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>indefinitely.</td>
</tr>
<tr>
<td>Vehicle Maintenance and Repair Records</td>
<td>Storage files</td>
<td>Length of ownership</td>
<td>When the vehicle is sold</td>
</tr>
<tr>
<td>Vehicle Titles and Purchase Receipts</td>
<td>Safe Deposit Box</td>
<td>Length of Ownership</td>
<td>When the vehicle is sold</td>
</tr>
<tr>
<td>Vital Records: Birth Certificates, Divorce</td>
<td>Safe Deposit Box</td>
<td>Indefinitely</td>
<td>Don’t discard</td>
</tr>
<tr>
<td>Decrees ; Marriage Licenses, Military</td>
<td>Memorize your Social</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discharge Papers, Social Security Cards</td>
<td>Security number.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Don’t carry the card in your</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>wallet.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warranties &amp; Owners Manuals</td>
<td>Storage Files</td>
<td>Length of Ownership</td>
<td>Staple the purchase receipt to the warranty or manual. Discard along with the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>item.</td>
</tr>
</tbody>
</table>

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