**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 |

|  |  |  |  |
| --- | --- | --- | --- |
| **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. |