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# What to Keep And What to Throw Away



It's unbelievable to hear that, each day, the typical family receives five to 10 important items related to school, finances, social events, or work, according to Jack Gillis, public affairs director for the Consumer Federation of America. That easily translates into 50 items a week or 2,500 items a year.

As Gillis says, while businesses are moving into more paper-free environments, we're still inundated with paper at home and overwhelmed with the need to keep track of everything.

Before you send all your documents through a crosscut paper shredder or file them in your pile of

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bills and other records, know what to keep and what to throw away. So take a look at the table to figure out what to keep and for how long.

While it's important to keep these documents, it's just as important to keep them in the right place. A countertop

organizer is one way to start filing your papers. Once your countertop organizer starts to get full or even before it does, you can move items to more permanent storage, such as a filing cabinet or safe deposit box.

Store anything you need to keep permanently in either a fireproof storage box or safe deposit box. Keep marriage records, divorce papers, car titles, and birth certificates in a safe deposit box. Experts suggest you not carry the key to your safe deposit box with you—



# What to Keep and for How Long

	45 Days	One Year	Six Years	Seven Years	Permanently
<b>Credit card receipts and statements</b> Keep receipts until your monthly statement arrives; if that's correct, shred the receipts. Exceptions: Keep a receipt if you're disputing a bill or to cover a warranty or return period. Keep the statements for seven years if they contain tax-related expenses.	=====				
<b>Pay check stubs</b> Make sure the information on your paycheck stubs matches your annual W-2 when you receive it, then shred the stubs. If your employer lists vacation/sick leave carryover on your paycheck stub, keep the last one of the year. Notify your employer if the information doesn't match.	=====				
<b>Retirement/savings plan statements</b> Keep quarterly statements until you receive your annual summary; if everything is correct on the annual summary, shred the quarterlies. It's best to hold on to annual statements until you retire or close the account. Keep important notices and contacts for retirement plans and pensions permanently.	=====				
<b>Credit union records</b> At the end of each year, go through your share draft carbons or statements and only keep those related to taxes, business expenses, and housing or mortgage payments.	=====				
<b>Bills</b> Keep bills for major purchases—cars, jewelry, furniture, computers, and so on—to show proof of their value in the event of loss or damage. For other bills, once you know payment has cleared your credit union for a particular bill and the return/refund period has expired, shred that bill.	=====				
<b>House records</b> Keep purchase price information and the cost of permanent improvements to your property, such as remodeling. Also, if you buy or sell property, keep records of legal fees and your real estate agent's commission for six years after you sell your house. Keeping these records, especially home improvement records, is a good idea and could potentially assist you in lower capital gains tax should you decide to sell.	=====				
<b>Tax records</b> The IRS has three years to audit your return, and you have three years to file an amended return to claim a refund if you made a mistake. If you made the mistake of underreporting your gross income by 25% or more on a return, the IRS has six years to challenge it. If you filed a fraudulent return or didn't file one at all, the IRS can catch you on it at any time. Keep a copy of all 1040 tax forms permanently.	=====				
<b>IRA contributions</b> Keep nondeductible contribution records permanently in case you need to prove you paid tax on the money when you want to withdraw it.	=====				
<b>Miscellaneous</b> Also keep these permanently: Updated household inventory, birth and death certificates, marriage license, divorce papers, military records, insurance claims, accident reports and claims, proof of ownership and major debt repayment, and legal correspondence.	=====				

===== Recommended time to keep documents

===== Some cases call for longer retention

keep one in the house and one with a relative, close friend, or attorney.

## Special circumstances

Knowing where important documents are—such as birth certificates, financial records, marriage licenses, and household inventory—is necessary in case of a flood, tornado, or fire. Make sure these documents are easy to get hold of in case you need to evacuate your home suddenly.

And plan for the possibility that your family may not be together when disaster strikes. How will you contact one another? Have you asked about emergency plans at work, at the daycare, and at your child's school?

Not sure where to start? Visit *Ready.gov* for checklists, brochures, how to make a plan, and check out information targeted to seniors, people with disabilities, and pet owners. *Fema.gov* also has useful information.

Start with important documents. Keep *copies* of these financial documents handy—and in a waterproof container—in case you need to leave your house quickly:

- Family records
- Medical records

### Tax Tip

**When reconciling statements, sort share draft/check carbons by tax category and store them that way. Keep the rest for a year then shred. You'll get a head start on taxes and reduce volume of paper stored.**

- Wills
- Deeds
- Social Security number
- Credit union and credit card accounts information
- Tax records
- Medical insurance and Medicare cards

Make sure that a family member or friend—living some distance from you—has copies of these documents, and include the names and contact information of your support network and medical providers.

Keep your important documents safe and check the table inside to figure out what to keep and what to throw away. If you're still not sure or have questions about what you should or shouldn't keep, ask the pros at your credit union for guidance.



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