

Spring CLEANING

By Elizabeth Loda & Steven Weber

Are you buried in your own paperwork? Long distance moves, downsizing and spring cleaning can cause us to ask, "Will I ever need all this stuff? And if I do, how will I ever find it?" Alongside the box of old holiday lights and outgrown children's clothes are boxes upon boxes of cancelled checks, receipts, bank statements and income tax forms going back to your first job and that first tax filing you did by hand. After all, it's easier to keep everything than sort, make a decision and discard

FOREVER:

Adoption papers • Articles of incorporation
Automobile titles • Birth Certificates
Bonds and stock certificates • Citizenship papers
Contracts and leases • Death Certificates
Deeds & titles • Divorce decrees
Household inventory • Marriage Certificates
Mortgage documents • Patent records and trademarks • Personal Health Records
Social Security audits • Tax exemption certificate
Veteran's papers • Wills

A few tips to help you really 'clean up' on tax day.

or re-file. But when you reach that point when you can no longer store it all, it's time to decide – what can stay and where; what must go and how to safely dispose of private information.

The Internal Revenue Service has issued new, more extensive, retention guidelines; tax payers will have to save more papers for longer periods of time. For example, any passive loss documentation must be kept for three years after the losses have been used. Tax payers with non-deductible IRAs will have to hold on to all the records as long as the IRAs are in force. Documentation on the acquisition and capital improvement of primary and secondary residences must be retained to reduce capital gains tax on sale.

Importance, security and accessibility are the considerations when putting together a new document storage system. A cabinet, file or desk drawer may be sufficient for less important paperwork, but all valuable or irreplaceable documents should be stored in a fireproof lockbox, safe or safe deposit box. (Remember that there are restrictions on what may be removed from a safe deposit box if the owner dies.)

The following documents need permanent retention and inclusion within your highest priority and safest storage:

TEN YEARS:

Business contracts and financial records particularly regarding employee records.

SEVEN YEARS:

Federal, State and local tax returns and supporting documents
Corporate and business tax returns • Vendor and employee contracts
Options records (expired) • Inventory records • Expense analysis records
Invoices and cash receipts • Payroll, social security and W-2 records
Leases (expired)
Personal bank statements and cancelled checks (checks that support other taxes or transactions and should be filed together with that transaction)
Property damage reports, accident reports and accident release forms

FIVE YEARS:

Sales commission reports
Employee business expenses

THREE YEARS:

Appliance warranties (except those with longer guarantees)
Expired automobile warranties

Expired insurance policies
Employee applications
Terminated employee records

TWO YEARS:

Duplicate deposit slips • Routine correspondence
Pay stubs – reconcile with your year end income report, then discard

New businesses are emerging that document your belongings and store the information for you on computer disk. This is a good alternative to the household inventory or videotape. A local example is homerunners@islc.net. You'll need a good quality shredder as well. As an alternative, some financial services providers, such as The Bedminster Group, are making their shredding equipment or service available to their clients.

The foregoing list includes business, as well as personal, documents so you may not have many of the documents listed. For specific situations consult your CPA or check "ask a CPA" at skocpa.com. In general, save any paperwork that is still useful for tax or legal purposes. And remember, "If in doubt, don't throw it out!" **M**

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