FINANCIAL DOCUMENTS: What To Keep And What To Discard

What to keep for 1 month:
--ATM Receipts—when you balance your checkbook each month throw out the ATM receipts.
--Sales Receipts—unless needed for tax purposes then keep for 3 years or until warranty expires or you can no longer return or exchange the item purchased.

What to keep for 1 year:
--Paycheck Stubs—you can get rid of these once you’ve compared them to your W2 and annual social security statements.
--Utility Bills—unless you are using these as a deduction like a home office, then you should keep them for 3 years after you’ve filed that tax return.
--Quarterly Investment Statements—keep these until you receive your annual statement.
--Cancelled Checks
--Credit Card Receipts
--Bank Statements

What to keep for 3 years:
--Income Tax Returns—keep in mind that you may be audited by the IRS for no reason up to three years after you filed a tax return. If you omit 25% of your gross income that goes up to 6 years and if you did not file a tax return at all, there is no statute of limitations.
--Medical Bills & Cancelled Insurance Policies
--Records of Selling a House
--Records of Selling a Stock
--Receipts, Cancelled Checks and other Documents that Support Income or a Deduction on Your Tax Return—keep these for 3 years from the date the return was filed or 2 years from the date the tax was paid, whichever is later.
--Annual Investment Statement—keep these for 3 years after you sell your investment.

What to keep for 7 years:
--Records of Satisfied Loans

What to hold while active:
--Contracts
--Insurance Documents
--Stock Certificates
--Property Records
--Stock Records
--Records of Pensions and Retirement Plans
--Property Tax Records Disputed Bills—keep the bill until the dispute is resolved.
--Home Improvement Records—hold for at least 3 years after the due date for the tax return that includes the income or loss on the asset when it is sold.

What to keep forever:
--Marriage Licenses
--Birth Certificates
--Wills
--Adoption Papers
--Death Certificates
--Records of Paid Mortgages

*These documents should be kept in a very safe place, like a safety deposit box.