



## How Long Should I Keep My Financial Documents?

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Although decluttering is all the rage these days (who hasn't attempted to KonMari their closet?), it's easy to lose the will to get organized when you're facing a mountainous pile of financial paperwork that's just been collecting dust in your junk drawer.

In fact, you probably can't even muster the energy to tackle all those statements, bills and other fine-print-loaded documents until you have no choice, like when it's tax time or you're applying for a mortgage. But getting your paperwork in order doesn't have to be this stressful. Start making things easier for yourself by knowing what's important to keep and what you can get rid of—and when—using our paperwork purging guidelines below.

### Trash in a Few Days:

- ATM receipts, once you record the transaction
- Bank deposit slips, once the funds appear in your account

### Trash After 1 Month:

- Receipts for things you bought on a credit card, once you get your statement, unless you need it for a return or a warranty
- Credit card statement, unless it has a tax-related expense on it

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### Trash After 1 Year:

- Utility bills, if not needed for business deductions (such as a home office)
- Paycheck stubs, until you've reconciled them with your [W2](#)
- Bank statements, aside from pages that include copies of canceled checks needed for tax purposes

- Brokerage statements, once you get your annual statement, unless they show a trade for a gain or a loss for tax purposes
- Receipts for medical and dental expenses if there's a chance you might itemize. (For tax year 2016, you can start deducting qualified medical expenses once they exceed 10% of your adjusted gross income (AGI)—unless you are 65 and older, in which case you can deduct medical expenses that exceed 7.5% of AGI. This [temporary exemption](#) for those 65 and older ended on December 31st, 2016.)

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## Trash After 7 Years:

- Supporting documents for tax returns, including W2s, [1099s](#), tax-reporting statements, and proof of charitable contributions. The IRS has three years to audit you unless there's a chance you underreported income or it suspects fraud. (Note: These are *tax* years, so keep supporting documents for your 2016 return—filed in 2017—until 2023.)

## Keep Indefinitely:

- Tax returns with proof that you filed and paid (if you owed)
- IRS forms you filed when you made nondeductible contributions to a [traditional IRA or Roth](#) conversion
- Retirement and brokerage account annual statements
- Receipts for [capital home improvements](#), until you sell the home. (And then you should hang onto them for tax purposes—see tax documentation rules.)
- Receipts for large purchases, for insurance purposes
- Brokerage statements proving cost basis of an investment you still own, unless you bought it in 2011 or later, in which case the brokerage now tracks that price

## What You Can't Keep in the Cloud:

There are many papers you can scan and upload to a secure location, trashing the original. That's not the case for these items. You should consider making a copy of these documents to keep at home and keep the original in a safe place, such as a safety deposit box or with a trusted relative. (Make sure the safety deposit box can be accessed easily in the event of your death.) The exception: You probably want to keep your passport on hand in case you need it in a hurry.

- Birth certificates
- Citizenship papers
- Custody agreement
- Deeds and titles
- Divorce certificate
- Loan/mortgage paperwork
- Major debt repayment records
- Marriage license
- Military records
- Passport
- [Powers of attorney](#)
- Stock certificates
- [Wills](#) and [living wills](#)
- Anything with an original signature or a raised seal

## What to Shred:

Believe it or not, the answer is not “everything.” “People in general try to properly destroy or shred way too much,” says Darla DeMorrow, a professional organizer and owner of HeartWork Organizing, LLC in Pennsylvania. “My litmus test is if it has your Social Security number or a financial account number, you want to make sure you shred that.” If you have too much shreddable material to reasonably do it yourself, watch for a [community shredding event](#) in your area, or go to a FedEx office where you can pay to shred per pound.

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## How to Delete Important Files:

You're not going to like this—you really can't delete files completely. “It is impossible and it's getting harder,” DeMorrow says. When you decommission a computer, make sure you remove the hard drive and destroy it. That means putting holes in it or taking it to a company that shreds hard drives—going at it with a hammer in your driveway isn't going to do the trick. “The best way to destroy a hard drive is to take it to somebody who has a drill press, and literally put four to 10 holes in it,” DeMorrow says. “You have to make that disk nonreadable.”

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