

# Financial Paper Management—What to Shred, What to Keep

Here are some tips on how to file your papers.

## **Shred after one month:**

- ATM and bank deposit slips, after you checked them against your monthly bank statement.
- Credit card receipts, after you've checked to make sure the item appears correctly on your monthly statement (unless you deduct something as a business expense).
- Sales receipts for minor purchases, after you've satisfactorily use the item and if it has no warranty.

## **Shred after one year:**

- Monthly or quarterly brokerage and mutual fund statements, after you have reconciled them with your year-end summary.
- Phone and utility bills (as long as you don't have an at-home office, use your phone for business calls (save with other tax documents), or anticipate any need to prove long term residency)
- Paycheck stubs, after you've reconciled them with your annual W-2 or 1099 forms
- Expired insurance records.

## **Shred after one to three years:**

- Monthly mortgage statements, as long as your year end statement clearly shows the total amount you've paid in interest and property taxes over the course of the year.
- Monthly bank and credit card statements (if you don't itemize deductions—otherwise, keep with other tax documents).

## **Retain for seven years:**

- Your annual tax returns
- W-2 AND 1099 forms
- Year-end statements from credit card companies
- Phone and utility bills (only if you deduct any portion for business expenses, have more than one home, or have moved within the past few years)
- Canceled checks, receipts or statements for:
  - annual mortgage interest and property taxes
  - deductible business expenses
  - child-care bills
  - out of pocket medical expenses
  - any other tax-deductible expense (e.g.: donations)

## **Keep indefinitely:**

- Your year-end summaries from financial-service companies
- Confirmation slips that list the purchase price of any investments you own
- Home improvement records
- Car improvement records (if you typically resell your cars)

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Professional Organizer and Organizing Coach

[Maureen@theorganizingdiva.com](mailto:Maureen@theorganizingdiva.com) [www.theorganizingdiva.com](http://www.theorganizingdiva.com)

265 Mt. Auburn St. Watertown, MA 02472 617-513-5219

## Financial Paper Management—What to Shred, What to Keep

- Receipts for major purchases (any item whose replacement cost exceeds the deductible on your homeowners or renters' insurance policy)
- Beneficiary designations\*
- Vital Documents:
  - Birth certificates
  - Social security cards
  - Car title
  - Marriage records
  - Property deeds
  - Passports
  - Divorce records
  - Will
  - Life insurance policies
  - Religious records
  - Power of attorney records
  - Diplomas
  - Wills
  - Health Care Proxy and Advanced Directive

Now you can set up a daily paper management system. You might want to get a professional organizer to help with this project. Once your system is in place, you need to consistently dedicate about 5-30 minutes each day to keep it running smoothly.

At the end of the fiscal year, take out all documents to prepare for your tax returns and set aside. Now most of your active file folders should be empty and ready for the new year. Once the taxes are finished, the returns and other documents should be archived.

### Suggested File Categories

- Financial
  - Bank statements
  - Various investments
- Car
  - Car loan
  - Car insurance
  - Car repairs
  - Car violations
- Utilities
  - Heat
  - Electric
  - Internet and/or cable
  - Phone
- Health (can be separated into Insurance/Bills and Visits/Lab Results)
  - Medical visits and lab results
  - Medical bills
  - Health insurance

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## Financial Paper Management—What to Shred, What to Keep

- Dental
- Credit Cards
- Home
  - Home insurance
  - Property tax
  - Home repairs
  - Large home purchases
  - Home purchases' Manuals and Warranties
- Vital Documents (see list above)
- Career/Education
  - Professional association
  - Benefits folder
  - Academic Records
- Taxes—Current Year