

# Important Paperwork: What to Keep and For How Long

By [\*\*Sheri Samotin\*\*](#)

If you're like most people, you have boxes and boxes of old files cluttering your closets. You'd like to clean out but don't know what you need to keep, and for how long. As a daily money manager and Certified Professional Coach, I often get this question from my clients.

I've covered the most common documents below, but when in doubt don't throw it out unless you are sure you can obtain the records electronically from the bank, insurance company, etc.

These recommendations apply to both caregivers and their elderly parents' paperwork.

## **Tax returns and supporting documents**

Anything to do with taxes should be kept for at least seven years. The IRS has three years from your filing date to audit your return if it suspects good faith errors and you have the same amount of time to file an amended return if you find a mistake. However, the IRS has six years to challenge your return if it thinks you underreported your income by 25 percent or more. If you fail to file a return or filed a fraudulent return, there is no limit on when the IRS can come after you. Specific items you should keep in addition to your tax returns themselves include documentation of income, alimony, charitable contributions, mortgage interest, and retirement plan contributions and any other tax deductions taken.

## **Medical bills and records**

Keep all medical bills and supporting documentation such as cancelled checks or credit card statements until you are sure that the bill has been acknowledged as having been paid in full by you and/or your insurance company. If you are deducting unreimbursed medical expenses on your tax return, keep all supporting documentation as discussed above. Remember to keep all health-related bills including dental, eyeglasses or contact lenses, hearing aids, and over-the-counter medications, to name a few.

## **Retirement plan statements**

Keep the quarterly statements until you receive the annual summary and if everything matches up, you can shred the quarterly statements. Keep the annual summaries until you close the account.

## **IRA contributions**

If you made an after-tax contribution to an IRA, you will need to keep your records indefinitely to prove that you already paid tax on the money when it is time to make a withdrawal.

## **Brokerage statements**

You must keep these until you sell the securities covered by them to prove whether you have capital gains or losses for your tax return. If you hold stocks or bonds for many years, you will need to keep the statements. The exception is if the cost basis and date of acquisition is listed on the statements. In this case, you only need to keep the year-end statements to support your tax return.