

A Guide To



Saving Important Records and Documents



Why Keep Records?



There are many reasons to file important records in a safe location. Keeping an accurate file of important records will help you: identify sources of income, track expenses, prepare tax returns, support items on tax returns, provide evidence of insurance and protect you from fraudulent or accidental charges.



Insurance Policies



Most major insurance policies, including auto, homeowner and “umbrella” policies, should be saved long after their expiration date. A lawsuit can arise years after an accident that occurred during the policy period so long as it is filed before the statute of limitations expires. This is usually one to three years, but in special cases - especially those involving a minor - the open period for lawsuits can be extended until the minor reaches 18 years of age. There may be other exceptions that don't start the statute of limitations until an injury is discovered, which may be years after an accident. Therefore, it makes sense to



save policies for an extended period of time.

Saving insurance records is especially important if you're aware of an accident that occurred within the policy period. In this case, you should save your records for more than 20 years.

If your records are lost, you can ask the insurance company to provide a duplicate copy of the policy. Unfortunately, some insurance companies can be unreliable when asked to supply mercy or policy records. This is why protecting your original copy is so important.

Invoices & Receipts



Any receipt or invoice that merits a tax deduction should be saved until your tax return is no longer subject to challenge.

For insurance purposes, receipts for expensive items should be saved. When filing a claim under an insurance policy, these receipts will provide an accurate record of the date of purchase and the value of the items. Also, you should keep any appraisal used to establish value covered under an insurance policy.

Receipts and invoices for any home improvement, such as new flooring, money spent for trees and landscaping



Bank & Credit Card Records



Bank and credit card records should be saved for a minimum of six years to protect you from being charged twice for the same purchase. Lawsuits for breach of contract are usually not barred by the statute of limitations until six years have elapsed.

Some experts advise you to save these records for seven years and recommend saving canceled checks and related documents.

Pensions & Employee Benefits



You should always keep records of employee benefit plans, pensions and other fringe benefits to prove what benefits you're entitled to and to monitor their changes over time.

Other Helpful Advice



If you file complicated returns or have extensive holdings, you may want to consult with a professional accountant for specific record saving tips based upon your situation. For additional record saving information, read the Internal Revenue Service's Publication 552, Recordkeeping for Individuals, which can be found at

www.irs.gov/pub/irs-pdf/p552.pdf

Business owners or aspiring entrepreneurs should read Publication 583, Starting a Business and Keeping Records, which can be found at

www.irs.gov/pub/irs-pdf/p583.pdf

Destruction of Records



When discarding tax returns, bank documents and other confidential records, be sure they are shredded or destroyed in a manner that criminals will not be able to obtain and use them. Criminals can use Social Security numbers, credit card numbers and other confidential information to commit acts of fraud that can compromise the integrity of your credit.

