



# A Guide To Saving Important Records & Documents

Provided by  
State Senator

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## 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.

## Pensions & Employee Benefits

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

## 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.

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](http://www.irs.gov/pub/irs-pdf/p583.pdf).

## 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 and other items that build equity in your home, should be saved for tax purposes. These records should be saved until the property is sold, and thereafter until the tax return on which the gain or loss from sale is no longer subject to challenge.

## 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.

## 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.

