

Spring Cleaning: How Long Should You Keep Financial Documents?

Many people struggle over which financial statements and records to keep (and for how long) and which ones to shred. Here are some guidelines:

Consider why

Why are you keeping different records? Some have a clear short-term value, but others may be for long-term purposes. Start by separating short-term paperwork from long-term items.

Current Paperwork

- Unpaid bills, paid bills, canceled checks, bank statements, credit card statements
- Receipts for major purchases, this year's income tax receipts, tax deductions and charitable donations
- Insurance policies: life, health, disability, home and auto

Long-term Paperwork

- Seven years of income-tax records, including backup information (W2s, 1099s, deductions, etc.)
- Seven years of bank statements, canceled checks and check logs

Shred

- Credit cards receipts (once you match them to your monthly statement, unless you need them to claim as business expenses or proof of a major purchase)
- Credit card statements (once your payment has posted unless you need it for tax purposes)
- Pay stubs (keep a few in case you apply for a mortgage)
- ATM receipts (after reconciling them with your monthly bank statement)
- Utility receipts (after your bill payment posts on next month's statement unless you need them for taxes)
- Investment statements older than one year – we recommend keeping year end statements for seven years

Hold Indefinitely

- Home improvement receipts and mortgage bills as long as you own your home
- Receipts for major purchases
- A copy of your will, inheritance papers, healthcare proxy forms, gift tax returns, powers of attorney
- Warranties and operating instructions for appliances
- Insurance policies
- Personal papers: birth certificates, Social Security cards, legal papers about formerly owned properties

Organize

- Keep all of your financial files together with the most recent ones accessible
- Back up computer files and keep the backup data in a safe place
- Go through your short-term files annually and either shred them or move them to long-term files

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