

Family Resource Management...

Getting Organized Series

FRM-00396

Keeping Home Records: What to Discard

In this issue

- Why keep records
- Tax records: how long should you keep them

Tips to help you

- Determine which papers you do not need
- Sort through your temporary files

What you'll need

- Your collection of files

Which records should you keep and which ones should you discard?

Keep all records that might be used for proof of ownership, resale purposes, income tax or future reference.

When should you discard home records?

After once getting organized, sort through your temporary files and transfer seldom used records to your permanent files annually. Discard records which you are sure you will never need again.

Who should discard records?

The person who manages the home business center should be in charge of this process. However, all family members should be consulted if there is any doubt about tossing an item.

Tax records

The Internal Revenue Service has three years in which to audit federal income tax returns. However, this limit does not apply in unusual cases where the party filing has:

- Failed to report more than 25 percent of his or her gross income. In this case the government has six years to collect the tax or start legal proceedings to do so.
- Filed a fraudulent return. In this case there is no time limitation.
- Failed to file a return. In this case, there is no time limitation.

Any receipt or statement used for income tax purposes should be kept indefinitely. Store them with your income tax records.

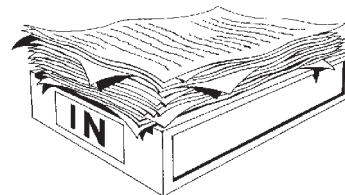
Tips on what to throw away

Remember, do **not** throw away any record that you may need for proof of ownership, future reference, resale value or income tax. Each year you should sort through your temporary files and throw away records you have no further use for. At the same time, store records you want to keep indefinitely in your permanent files.

Annually toss:

- Bank statements and receipts of transactions for closed accounts or which are no longer meaningful.
- Bill receipts that are paid or recorded under the proper category in your account book.
- Sales slips that have been recorded under the proper category in your account book.
- Cancelled checks that are not needed for receipts for proof of purchase or income tax purposes. These might include checks for groceries, clothing or cash.
- Receipts that are recorded in your account book and ones that will not be needed for resale.
- Records of appliances that have been replaced.
- Warranties which have expired.
- Washing and cleaning instructions for fabrics and garments no longer used.

When discarding records, be sure to destroy anything that has personal information on it, such as addresses, account numbers, and other identifying information. Shred if possible, or cut into small pieces and distribute into several different trash containers.



Your Valuable Papers: What to Keep, Why and How Long

What to Keep	Why	How Long
Account books	Record of income and expenditures for reference, comparison, and management	Permanently
Adoption papers	For inheritance purposes For social security claims	Permanently
Bank statements	Proof for income tax Loan records	Permanently
Birth certificates	To prove age For obtaining jobs For obtaining a drivers license For a marriage license To register to vote To qualify for social security To obtain passports	Permanently
Burial lot deed	Proof of ownership	Permanently
Cancelled checks	Income tax Proof of payments	Permanently those used for income tax or proof of payment
Church records: Baptismal Confirmation	Acceptable evidence of birth date when obtaining a delayed birth certificate	Permanently
Citizenship	To obtain certain jobs To obtain passports To prove eligibility to vote	Permanently
Copyrights and patents	Proof of ownership rights	Permanently
Credit card Information	Reference information in case of loss or theft	Discard when no longer have the credit card
Death certificates	To make social security claims (minors) For inheritance purposes For insurance claims	Permanently
Deeds/mortgages/abstracts	Income tax purposes Estate tax purposes Improvement records necessary to compute capital gain To show sale price of property, legal fees and expense of sale	Permanently
Divorce decree	To clear legal requirements for remarriage For inheritance purposes For social security claims For insurance claims	Permanently
Education & employment records	Lists education and job experience Lists qualifications For tenure To show reliability For retirement benefits	Permanently

Your Valuable Papers: What to Keep, Why and How Long

What to Keep	Why	How Long
Government bonds	Needed for income tax Needed for gift tax	Permanently
Guarantees and warranties	Proof of purchase Determines services and parts guaranteed	Discard when item is sold or thrown away
Health records	For employment For future diagnosis For changing physicians For reference on immunizations, injuries, diseases, illnesses	Permanently
Household Inventories	To determine amount of insurance needed For insurance claims To establish value of items For networth statements	Keep up-to-date as you add or dispose of household items
Instruction books	For reference for use and care	Until item is sold or discarded
Insurance policies: Auto/vehicle Personal liability Property Life Health	For reference on coverage For reference on coverage For reference on coverage For reference on coverage For reference on coverage	Keep until sold or policy expires Keep until policy expires Keep until policy expires Keep until policy expires Keep until policy expires
Investments (U.S. savings bonds, stocks, mutual funds)	Proof of ownership Needed for evaluation of estate To determine maturity date Needed for income tax	Permanently
List of insurance policies	Reference for kinds and amounts of coverage	Keep until collected or policy expires
Marriage records	Proof of marriage Needed to collect certain benefits: insurance, retirement social security For inheritance purposes To settle estates	Permanently
Military records	To collect benefits: health, disability, education	Permanently—Permanent records may be held at city clerk's office
Receipts and receipted bills	Proof of payment	For charge accounts keep until new bill comes and shows payment For installment contracts, keep five years after final payment
Sales slips	For income tax For proof of ownership For resale	Keep until merchandise has performed satisfactorily Keep if item has a guarantee Keep if item is tax deductible If needed for insurance claims

Your Valuable Papers: What to Keep, Why and How Long

What to Keep	Why	How Long
Savings	For income tax	Permanently
Vehicle title and bill of sale	Proof of ownership Assists in determining money invested	Discard when you sell or dispose of vehicle
Will	To settle estate	Permanently
Identification Cards		
Credit cards	To charge purchases	Until replaced or discontinued
Drivers license	Shows legal eligibility to drive	Until expired
Medical information: blood type, doctor preferred, who to notify in case of emergency, allergic reactions, diabetic, epileptic, etc.	For emergency treatment	Permanently
Organization membership	Proof of membership	As long as membership is current
Passport	ID when traveling in a foreign country	Permanently
Social security card	To collect benefits	Permanently
Voter registration card	Proof of eligibility to vote	Permanently

About the series

This is a series of fact sheets to assist you in setting up a system to help you get control of your time and resources.

Each fact sheet gives you suggestions and ideas concerning one topic with a suggested activity to help you get one step closer to becoming organized.

It may take you as long as a year to get your management system working effectively for you.

Households that develop such a system and use it faithfully have discovered that no matter what the economic conditions are, they can still get ahead or at least stay even.

In this series, you can request fact sheets on the following topics:

- *Organizing Your Home Business Center* (FRM-00390)
- *The Temporary Home Filing System* (FRM-00391)

- *The Permanent Home Filing System* (FRM-00392)
- *Valuable Papers Checklist* (FRM-00393)
- *Valuable Papers Inventory* (FRM-00394)
- *Taking A Household Inventory With a Camera* (FRM-00395)
- *Keeping Home Records: What to Discard* (FRM-00396)
- *Replacing Valuable Papers* (FRM-00397)

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