

HOW TO DECIDE WHAT STAYS AND WHAT GOES

When it comes to deciding what to hold on to, there are few fixed rules. But experts offer these guidelines:

Real Property Records Retention Period

Construction records _____ Permanent
Leasehold improvements _____ Permanent
Lease payment records _____ Life + 4 years
Real estate purchases _____ Permanent

Tax returns can generally be audited for up to three years after filing and up to six years if the IRS suspects underreported income. It is wise to keep tax records at *least seven years* after a return is filed. Requirements for records kept electronically are the same as for paper records. Generally, follow these recommended periods for various documents:

Individual Records Retention Period

Tax returns (uncomplicated) _____ 7 years
Tax returns (all others) _____ Permanent
W-2s _____ 7 years
1099s _____ 7 years
Cancelled checks supporting tax deductions _____ 7 years
Bank deposit slips _____ 7 years
Bank statements _____ 7 years
Charitable contribution documentation _____ 7 years
Credit card statements _____ 7 years
Receipts, diaries, logs pertaining to tax return _____ 7 years
Investment purchase and sales slip _____ Ownership period + 7 years
Dividend reinvestment Records _____ Ownership period + 7 years
Year-end brokerage statement _____ Ownership period + 7 years
Mutual fund annual statements _____ Ownership period + 7 years
Investment property purchase documents _____ Ownership period + 7 years
Home purchase documents _____ Ownership period + 7 years
Home improvement receipts and cancelled checks _____ Ownership period + 7 years
Home repair receipts and cancelled checks _____ Warranty period for item
Retirement plan annual reports _____ Permanent
IRA annual reports _____ Permanent
IRA nondeductible contributions _____ Permanent
Form 8606 _____ Permanent
Insurance policies _____ Life of policy + 3 years¹
Divorce documents _____ Permanent
Loans _____ Term of loan + 7 years
Estate planning documents _____ Permanent