State of CT-Guidelines for Shredding & Saving Personal Docs

Opinions may differ regarding how long to keep important documents around and available. Here are some recommendations you may wish to use while organizing your sensitive documents. Guidelines apply to both paper and digital copies. Additional resource links provided at bottom of page.

Document Type	Amount Of Time You Should Keep Them
Canceled Personal Checks	1 year, then shred unless needed for tax, warranty, or insurance
Pay Stubs	1 year, then shred unless needed for tax, warranty, or insurance
Credit Card, Debit Card, ATM Receipts	Until you verify transactions against statements, then shred
Health Plan Statements	Until bill with provider is settled, then shred
Statements that bear your signature, credit account number, phone number, social security number, or medical or legal information	Shred as soon as possible
Warranty Cards, Instructions, and Receipts for high-ticket items	Keep for as long as you own the items
Store Receipts for non-warranted items	Keep receipt until no chance of return or exchange, then shred
Cancelled Checks, Contracts, Invoices and Receipts for any permanent home improvement	Until you sell the house
Vehicle Purchase or Lease Documents, warranties and maintenance records, title	Until you sell the vehicle or return leased vehicle to the dealer. Give documents to the new owner when transaction is final
Stock, Bond, Mutual Fund Purchase/sale records	Keep for IRS reporting then file for as long as you own the financial funds
Documentation for Federal and State Tax Filing, including W-2 forms	3 - 7 years after filing tax return
Federal and State Income Tax Filings	Forever

Documents that should be kept *permanently* in a fireproof box or home safe:

- Birth Certificates, Marriage Certificate
- College Transcripts, Diplomas
- Credit Card Agreements, Loan Agreements
- Divorce Decree and Property Agreements
- Mortgage Documents
- Home Inventory
- Insurance Policies
- Passport (current)
- Pension Plan and Retirement Plan Documents
- Social Security Cards
- Stock Purchase Agreements
- Tax Returns
- Will and Living Will

Additional Resources:

IRS Publication 552: Recordkeeping for Individuals
American Institute of Certified Public Accountants' brochure
Bankrate.com

Document Retention Guidelines

It is recommend that you go through your files annually, to determine what to keep and what to dispose of. These are suggested guidelines, and can vary depending on *your* situation. There are two overriding rules to follow:

Record Retention Rule #1: Store Your Important Documents Safely

It is essential to store important documents safely while having them easily accessible.
For documents that you might need to access periodically, such as a passport, birth certificate, or marriage license, we recommend purchasing a fireproof safe for your home or renting a safety deposit box. The main accessibility issue with a safety deposit box is that you can only access that information during banking hours. For documents that do not require an original copy but do need to be kept on file, scan or download the vital information into a reputable cloud-based filing system.

Record Retention Rule #2: Dispose of Your Important Documents Safely

Thank you for recycling. However, that may not be the safest way to dispose of your documents.
It is vital that you shred anything that contains Personally Identifiable Information and is no longer needed. Not only will this help you purge, but it can also help protect you from identity theft. Identity thieves are known to root through trash and recycling bins to obtain personal information that will allow them to commit acts of identity theft and fraud. You should shred *everything* that contains personal information, such as your social security number, address, birth date, and account numbers.

A Note About Going Green: Technology has made it much easier to go paperless. Many people no longer receive paper copies of bills, statements, policies, or even receipts. There's nothing wrong with this, but you do need to ensure you have immediate, on-demand access to any document you may need. Also, go the extra mile to protect your accounts, implementing strong passwords and multi-factor authentication. Retention rules are the same for documents you keep digitally.

How Long You Should Keep Financial Records

Generally, anything related to calculating income tax should be kept for a minimum of three years, but often no more than seven years. The IRS has three years to audit a tax return unless there is evidence of fraud (which carries an unlimited timeline) which extends the audit time to six years. When in doubt, seven years is a good rule of thumb for maintaining documents. This includes all business-related items that are written-off for tax purposes on your personal income tax return and support for all medical deductions. With the proliferation of online banking, there is less of a need to maintain bank statements, ATM receipts, and canceled checks once you have reconciled your bank account. However, if a check was used to support an income tax deduction, it should be maintained with the income tax return for *seven* years. If you are planning to apply for a mortgage or other type of loan, we recommend maintaining *three months* of statements in paper format. Should you require statements that cannot be obtained online, banks will furnish copies upon request.

The following documents should never be discarded:

Birth Certificates, Social Security Cards, Marriage Ctertificates, Divorce Decrees, Medical Records, Adoption Papers, Military Records, Education Records.

The following documents should be discarded once they are rendered obsolete:

- Estate planning documents, including Wills, Powers of Attorney, and Advanced Medical Directives, can be shredded once they are revised.
- Home purchase info and of capital improvements can be shredded after the house is sold.
- Mortgage and loan documents should be kept for 3 years after the loan has been repaid. Passports and driver's licenses can be shredded once they are expired.
- Annual Social Security statements can be shredded once you receive the newest one.
- Warranties can be shredded once they expire or the product is disposed of.
- Automobile records should be maintained for as long as you own the car. If they support an income tax deduction, these records should be maintained for seven years.

The 7-Year Retention Rule

- ***Income tax returns and supporting documentation***. The general rule is seven years. The IRS has three years to audit a tax return with the following exception: underreported income greater than 25% has a six-year statute of limitations. Fraud, however, does not have a time limit. Supporting documentation includes W-2 support, 1099 statements, purchase and sale confirmations for investments sold outside of retirement accounts, and acknowledgment letters from charities.
- ***Investment documents***. Capital gains and 1099 Formswith the corresponding tax return. Trade confirmations in *non-retirement* accounts should be maintained until the asset is sold and then included in the support for the tax return and held for an additional seven years.
- ***Accident reports and claims***
- ***Charitable contributions***. Keep receipts and acknowledgment letters the applicable income tax return.

The 5-Year Retention Rule

- ***Medical bills and insurance***. Premium statements, doctor's bills, prescriptions, and hospital bills should be kept for *five* years unless they are needed to support an income tax deduction, in which case you should keep them for *seven* years.
- ***Property and Casualty insurance policies*** five years or until the asset is sold.

More Retention Guidelines

- ***Credit card and sales receipts*** should be kept until a statement is received and reviewed. You may want to keep these until the warranty expires or you can no longer return the item.
- ***Credit card statements*** should be maintained for three months.
- ***Pay stubs and W-2 tax forms***. Most people have online access to their pay stubs and thus do not need to maintain a paper copy. The W-2, which is the annual reporting of your work income, should be maintained as support for your income tax return.
- ***Utility bills***. Keep bills for three months unless you need to support an income tax deduction, in which case you should keep the bills for seven years.
- ***Auto records*** should be maintained for as long as you own the car. However, if you need to support an income tax deduction, records should be maintained for seven years.