

Organized financial records make life easier

I tend to keep my financial papers (at least those that I think are important) but after more than a decade, my record boxes are overwhelming my closet floor. What should I focus on keeping, and for how long?

Sounds like it's time to plug in your paper shredder. Few financial records need to be kept more than a decade. But you're right, it can be confusing to determine what to keep and what to toss.

Ohio State University Extension has a fact sheet, "Household Record-keeping Tips" (online at <http://ohioline.osu.edu> — click on "Home" and scroll down, or search for fact sheet MM-08-02). It offers guidance on keeping financial and other types of family records. Records that should be kept permanently or semi-permanently include:

- Income, employment and military service records, including your annual W-2 form. These will help document your work and income history for Social Security and other benefits.
- Home purchase and improvement records. These will help you calculate the basis and capital gains or losses when your property is sold, and they help support any claims you might make on itemized income tax records. Even after you sell a home, keep these records for another three to six years for tax purposes.
- Warranties. Keep these records, especially for big-ticket items such as vehicles and major



appliances, for as long as you own the item in question.

Other records, including income tax records, bank records, property tax records, and receipts for tax-deductible items should be kept for three to six years so you have them on hand in case of an audit by the Internal Revenue Service. According to the fact sheet, the IRS normally has three years to audit federal income tax returns, but in unusual circumstances an audit could take place six years after the return was filed.

Keep record-keeping as simple as possible — whatever works for you is the best option. Some people like to keep records in file folders (if you file everything alphabetically, they're easy to find); other people like to keep a box for warranty information; another for tax records; and another for bank statements.

Records that are not easily replaceable, such as military service records, Social Security cards, birth and marriage certificates, property titles and household inventories, should be kept someplace safe — in a home safe (fire-, water- and burglar-proof) for example, or, better yet, in a safety deposit box. Another OSU Extension fact sheet, "Know Your Valuable Papers, What and Where?" offers additional guidance and allows you to list all important records and write down where you are keeping them. It is also available for free download on <http://ohioline.osu.edu>.

Family Fundamentals is a monthly column on family issues. It is a service of Ohio State University Extension and the Ohio Agricultural Research and Development Center. Send questions to Family Fundamentals, c/o Martha Filipic, 2021 Coffey Road, Columbus, OH 43210-1044, or filipic.3@cfaes.osu.edu.



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Dear Subscriber: This column was reviewed by Susan Shockey, family and consumer sciences educator in Franklin County for Ohio State University Extension.

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