

Small Biz

*Record
Keeping
Demystified:*

What to Keep
and What to Toss
from Your Friend
Who Is A Lawyer

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Record-Keeping Demystified

Record-keeping is one of those things that is boring in the moment, but that pays off *so much* when you need those papers to show the IRS, a bank, a government agency, a hospital, or a lawyer who is going to defend your rights.

Important papers make it much easier to prove your case (or supporting your defense), substantiate business write offs that save taxes, apply for government benefits and financial aid, apply for business or personal credit, and access medical records.

Don't swim in a sea of papers you are afraid to get rid of. This is how long you should keep different kind of important papers, in order of longest to shortest!

Keep forever:

- DD form 2214 (military discharge)
- Social Security card
- Immigration papers
- Birth certificate
- Shot records
- Original diplomas
- Transcripts
- Estate planning documents (*unless you revoke them completely, like a power of attorney*)
- Wills or trusts of others for whom you are executor or trustee
- Annual retirement account statements (*in case there is a class action about a specific holding or financial institution*)
- Life insurance policy paperwork, including application pages, prospectuses
- Marriage certificates
- Divorce decrees

Keep forever and renew:

- Driver license
- Passport

Keep for 10 years:

- Deeds to property that you have sold
- Bankruptcy discharge paperwork
- Legal judgments (*and renew*)
- Medical records and images (*unless you have a chronic illness, in which case you should keep forever*)

Keep for 7 years:

- Tax returns
- Proof of zero balances on large debts, like medical, student loan, houses, cars, etc. These have a way of popping up on credit reports much later.
- Property inspections

Keep for 6 years:

- Documents substantiating your tax return

Keep for 5 years:

- Client contracts and files, unless you have clients sign off as having received them from you. Keep the signature on file

Keep for 3 years:

- Credit card authorization forms (*three years after the last payment*)
- Explanation of benefits forms for major medical events

Keep for 2 years:

- Bank statements
- Cancelled checks (*if you get them*)

Keep for 1 year:

- Proof of payment of property taxes and - HOA or co-op payments until you receive the next set showing payment is current
- Warranty books for big appliance/electronic purchases
- Pay stubs
- Health insurance cards
- New credit card welcome packet
- Credit reports

Keep for six months:

- Car insurance cards
- Written notice to cancel recurring billing like gym memberships and online software programs

Keep while you are at work:

- Employee offer letter or agreement- Employee handbook
- Health and disability insurance booklets
- Retirement account books (*prospectuses and annual performance statements*)
- Annual reviews and write ups

Keep until you receive the next bill reflecting proper payment:

- Utility bills

Keep while you own a property:

- Expenses for improvements/ repairs
- Inspection reports
- Insurance claim information

Keep while you lease property:

- Lease and personal guarantees
- Condition report on move in
- Maintenance requests and notes on response

Keep while you own a business:

- Articles of Organization or incorporation
- Meeting minutes
- Certificates of dissolution,
- Business licenses and tax permits.

Read and toss immediately:

- Privacy notices from banks and credit card companies
- Notices of increased credit limits
- Notice of changed program benefits