

## Document Shredding Timeline

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| Up to 1 year / Less than a year   | 1        |
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### **I. WHAT TO SHRED**

#### **Immediately [after verifying payment on bank or credit card account]**

- Sales receipts (unless related to warranties, taxes, or insurance)
- ATM receipts
- Paid credit card statements
- Paid utility bills
- Cancelled checks (non-tax-related)
- Credit offers
- Expired warranties

#### **After 30 Days [after verifying with your monthly statement]**

- Checks deposited through mobile apps
- Paid monthly bills
  - you can also verify if you can access bills through online account access, which would allow you to shred paper copies earlier; many companies keep past bills & invoices available online for the past few months or longer
- Canceled checks (if you receive them from your bank, which is atypical). Keep tax-related, like any charitable giving.
- Paid utility, cable, & cell phone bills (if self-employed, you may need for tax purposes)
- Bank withdrawal & deposit slips

#### **Up to 1 year / Less than a year**

- Pay stubs (shred after checking them against your W-2)

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- Monthly Bank statements (non-tax-related) (consider printing out last month's statement in case of a data breach so you can prove your balance. Shred the old statement when you print your newest one.
- Monthly Credit Card Statements (non-tax-related)
- Investment statements
  - Retirement plan statements - Keep quarterly statements until you receive your year-end statement.
- Receipts for large purchases
- Paid, undisputed medical bills

### **Up to 7 years [Verify if needed by financial, insurance, creditor companies prior to shredding]**

- Tax-related receipts (& payments)
- Tax-related cancelled checks
- W-2s, 1099 forms
- Records for tax deductions taken
- Bank and brokerage statements, tuition payments and charitable donation receipts (tax-related)

IRS usually has three years to audit you, but it has up to seven years under certain circumstances. If a person has filed a fraudulent return, then the IRS can audit at any time – but for the average honest taxpayer, seven years works.

If unsure what tax records to keep, consult an accountant or call IRS Taxpayer Assistance [IRS Taxpayer Assistance](#) at 800-829-1040

## **II. HOW TO DISPOSE OF OLD FINANCIAL DOCUMENTS**

Throwing away documents in your trash exposes your information to identity theft. There is quite a bit of information on your old bills, statements, voided and canceled checks and other financial documents.

Here's what could be present on the documents you want to throw away:

- Full names
- Physical addresses
- Phone numbers
- Account numbers
- Routing numbers
- Driver's license numbers
- Policy numbers
- Usernames
- Passwords

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- Membership information
- Medical records
- Signatures

Best option - shred any documents that contain sensitive information before tossing them. Either invest in a shredder for your home or utilize a professional shredding service. You will likely pay a fee for this service, but it's a small price to keep your personal information safe.

Here are some retail stores that offer shredding services:

- Office Depot
- Office Max
- Staples
- The UPS Store
- FedEx Office Print & Ship Centers

Many cities also hold free paper shredding days for residents. Check your city's website for information regarding events like this.

### **Guard your financial accounts**

Make sure username and password is different and complex to keep account information safe. Protect computer with antivirus software

### **Properly dispose of paper documents / go paperless when possible**

Invest in a cross-cut shredder that will eliminate all traces of your personal information, or search for free shredding events in your community. Also consider having paperless statements and documents, which can help reduce the risk of identity theft posed by lost or stolen mail. Choose automated reminders to avoid missing due dates. Sign up for electronic billing on encrypted websites that have the "https://" prefix. And opt out of junk mail lists.

### **III. WHAT TO KEEP**

don't worry about keeping receipts unless they pertain to:

- Products under warranty
- Your tax returns
- Insurance claims

Keep if you need them to support your current-year tax preparation or as proof of income when making a large purchase. If keeping other documents around longer term makes you anxious, you can opt to scan them to create electronic copies and then dispose of the original paper documents.

### **Keep for next year's tax season**

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Keeping records organized and saving those important papers will make tax preparation simpler/easier.

- **Proof of income** - dividends, interest, bank statements, brokerage statements, W-2s, mutual fund statements and 1099s.
- **Deductions** - medical and dental expenses, childcare and charitable giving.
- **Receipts** - invoices and mileage logs.
- **Residential** - closing and tax documents.
- Keep records for IRS recommended period (3 years / six years / seven years / indefinitely)

The IRS will accept legible electronic records, so consider copying everything flash/external drive and store it with your “keep forever” documents. Don't forget to delete any tax-related records from your hard drive for security reasons after saving and storing copies appropriately.

### Keep documents while you own the asset

- **Real estate** (property abstracts, deeds, mortgage documents, closing documents, insurance policies and receipts for home improvements; if updating your policy, keep old version until you get your new policy)
- **Home deeds** (keep during ownership of the property)
  - Home improvement receipts (keep until you sell your home and pay any capital gains taxes)
  - **Household** (receipts, warranty certificates and operating instructions for household items)
- **Vehicles** (titles, purchase or lease documents and auto insurance policies) most states accept electronic versions of your insurance card, but it may also be smart to keep a printed version in your glove compartment
- **Financial** (investments, stock certificates and retirement plan records)
- **Auto titles** (keep during ownership of the vehicle)
- **Disputed medical bills** (keep until the issue is resolved)
- **Health insurance policies** and related documents (as long as your health insurance is active, you should keep these records. If your coverage ended or you've moved to another insurance company, go ahead, and toss paperwork once you're sure you won't need it. The same is true if you receive disability or unemployment benefits. Keep the documentation until you know you no longer need it.

Related documents for anything you've bought or insured, save while you own them or until the warranty ends. It won't hurt to keep them around longer, though, just to be safe.

### Keep Forever (lock these up)

Birth certificates or adoption papers (certificates)

Social security cards

Marriage (licenses) or divorce (and custody) decrees

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Citizenship papers or passports

Adoption papers

Death certificates of family members

Tax returns (keep permanent electronic or hard copy of each year's tax return and any payments you make to the government)

Wills and living wills

trusts, financial & medical powers of attorney

Powers of attorney

Legal filings

Military records; Military discharge documents

Retirement and pension plans

Inheritance documents

Beneficiary forms

Life insurance policies

For those who are thinking, maybe I should keep everything, just in case. . . remember that identity thieves can't find documents you have destroyed. Destroying documents with your personal information reduces the likelihood of becoming an identity theft victim.

### **IV. STORAGE OF IMPORTANT DOCUMENTS**

You can cut down on clutter by creating a reliable system for storing your financial documents. Keeping your documents safe is equally important. When storing your documents, you'll want a storage solution that is:

- Easily accessible
- Protected from theft
- Protected from the environment/weather/damage
- Well organized

Whether you have paper documents or electronic versions, here are options for storing your financial documents safely long term.

#### **Paper Storage**

Standard filing cabinet might be fine for some storage, but for your most important documents you might consider a home safe (one that is fireproof and waterproof for maximum protection). A simple lockbox that you can take in case of an emergency will work for storing your documents. Designate a safe, out-of-the-way place to store all paper records.

Safe deposit boxes - not all bank branches offer them, but if you prefer keeping documents offsite, it might be something to consider.

#### **Safe considerations**

When considering a safe,

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location, contents and type of lock

Burglar, fire and document safes have various ratings: look for the Underwriters Laboratory (UL) sticker since they have been testing safes since 1923 and certify many as either listed or classified.

- **Burglar safes** are rated on their construction and how long they can withstand tampering attempts.
- **Fire safes** are rated for how long they can withstand excessive heat and maintain the quality of the contents within the safe. If you want to keep out moisture, the seal on a fire safe will keep out the day-to-day moisture. And during a fire, the seal expands keeping out fire, smoke, and water.
- **Data safes** are rated at a lower temperature than fire safes since data can be destroyed at a lower temperature.

### Electronic Storage

There are plenty of digital storage options (email or online account access, scan documents and save to external hard drive, archive & back up all electronic records, password protect as well)

Another option is to go with cloud-based storage for essential paperwork.

Examples:

- Dropbox
- Google Drive
- Microsoft OneDrive
- iCloud
- Amazon Cloud Drive
- Box
- NextCloud
- iDrive
- Carbonite

Check for encrypted networks, safe handling, secure networks.

If you do end up choosing a digital storage solution, make sure you don't need a physical copy or original document in the future. The last thing you want to do is shred something to save space, only to need it five years later.

### Sources:

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