

Time plays vital role in decluttering records



Q: I liked your article on cleaning out the storage unit so much that we did it and feel great. Now we want to declutter the office. Please provide guidelines on document retention.

A: Consolidate accounts that are redundant. Separate accounts are necessary for rental properties, businesses, and other specific purposes, but don't keep multiple checking and savings accounts open. Numerous accounts waste time with reconciling, filing, storing and an increased exposure to identity theft.

The same rules apply to investment accounts. Consolidate like-titled accounts. One Roth IRA, one Traditional IRA. Gather up inactive 401K accounts and combine into a Rollover IRA when appropriate. Watch out for post-tax contributions and keep good records to prove cost basis to the IRS.

Whether documents are filed electronically or paper; determine what must be kept and for how long.

Tax related documents (including supporting receipts) must be kept for a minimum of six years. Keep brokerage, mutual fund, and IRA statements for six years after closing.

Records documenting home improvement costs should be kept for at least six years after the sale. Small businesses must keep sales tax and employment tax records.

CDs, loan documents, insurance policies, deeds, mortgages, and

vehicle titles should be kept as long as they are active.

The statistics are staggering with 19 victims of identity theft reported every minute. Shredding will minimize your risk. Any document that includes your date of birth, signature, account numbers, passwords, or social security number is pay dirt for a crook.

Reconcile your credit card statement with your monthly receipts, and then shred the receipts. Preapproved credit applications are risky, too.

There are a few documents that should be kept in a secure place forever. Consider a fire proof safe or safety deposit box for marriage licenses, birth certificates, wills, trust documents, adoption papers, death certificates and records of paid mortgages.

Spend a half hour at a time on this project until it's complete. Then be sure to reward yourself when it's done! I'm thinking chocolate.

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