

## Household Record-keeping Tips

**Suggested Home Files:** In addition to documents kept in a safe deposit box (costly or hard-to-replace items such as original birth and marriage certificates, property titles, etc.), many important records need to be filed systematically and conveniently at home. The following chart lists records and important papers typically needed by many families. Because your household is unique, you may have additional records for your household file or safe deposit box.

| WHAT?   | WHY?  | HOW LONG (usually)?   |
|---|---|---|
| 1. Bank Records<br>Cancelled checks*<br>Bank statements<br>Deposit slips<br>List of account numbers<br>Savings acct. statements | Proof of payment of bills; tax claims*<br>As a monthly financial record<br>Comparison with bank statements<br>Information for family members<br>Information for family members; tax claims* | 3-6 years*<br>2 years<br>3-6 months<br>While in force<br>While in force plus 3-6 years* |
| 2. Church Records   | Reference and information for family members  | Permanent   |
| 3. Debt Records   | Proof of terms of transactions; income tax deductions (non-consumer credit)   | While in force plus 3-6 years*  |
| 4. Educational Records  | For employment references and/or admission to training programs or educational institutions   | Permanent   |
| 5. Employment Records   | To document work and income history for Social Security and other benefits (including annual IRS form W-2)  | Permanent   |
| 6. Farm or Other Family Business Records  | Analysis of farm or other family business enterprise; income tax preparation  | Up to 6 years*  |
| 7. Genealogy (family tree)  | Reference for family members  | Permanent   |
| 8. Health Records of Individual Family Members  | School admission; passport; reference of family members   | Permanent   |
| 9. Home Purchase & Improvement Records  | To calculate basis and capital gains or losses when property is sold; support income tax claims   | During ownership (plus 3-6 years after taxable disposition of property)*                |
| 10. Household Account Book  | As basis for planning future spending; reference for financial analysis   | 2 or more years   |
| 11. Income and Employment Records   | Reference for income tax, social security and retirement contributions; employment documentation  | 6 years to permanent*   |
| 12. Income Tax Records  | Support claims if return is audited (also keep supporting records)  | 3-6 years or permanent*   |
| 13. Insurance Policies**  | Reference for periodic updating of coverage and/or payment of claims  | While in force**  |
| 14. List of Contents of Safe Deposit Box  | Reference and information for family members; documentation for insurance settlement should loss occur (fire or theft)***   | Revise as contents change   |
| 15. List of Credit Cards (with address and phone number)  | For notification of creditors and replacement in case of loss   | Review annually; revise as creditors change   |

| WHAT?   | WHY?   | HOW LONG (usually)?  |
|---|--|--|
| 16. List of Creditor Addresses and Telephone Numbers for BILLING ERROR Notification | Address for “billing error notification” often is different than either the payment address or the “lost card notification” address        | Review annually; revise as creditors change  |
| 17. List of Creditor PAYMENT ADDRESSES, Telephone Numbers, and Payment Dates        | For quick reference in case statement or payment notice does not arrive in mail  | Review annually; revise as creditors change  |
| 18. Net Worth Statement   | For overall list of financial assets and liabilities; traces financial progress and serves as starting point for future financial planning | Update annually; retain as interested  |
| 19. Personal Property Inventories (copies of originals kept in safe deposit box)    | Reference and information of family members; documentation for insurance claims  | Revise annually (especially when new items are acquired or when items are sold or discarded) |
| 20. Property Tax Records  | Proof of payment; tax preparation; future reference  | 3-6 years* or permanent  |
| 21. Receipted Bills and Sales Slips (tax deductible items*)                         | Proof of paid bills; support income tax claims; proof of ownership for property insurance claims**   | 3-6 years* or during ownership**   |
| 22. Retirement and Pension Plans  | Reference and information for family members   | While in force   |
| 23. Warranties  | Reference and information; adjustments of defects of equipment or parts  | During ownership   |

\* Note that the Internal Revenue Service has three (3) years in which to audit Federal income tax returns (or two years from the date the tax was paid, whichever is later). However, this limit does not apply in “unusual” cases. If an amount of income that should have been reported was not reported, and it is more than 25 percent of the income shown on the return, the period of limitation does not expire until six (6) years after the return was filed. There is no period of limitation when a return is false or fraudulent, or when no return is filed. (See IRS Publication #552, “Record-keeping for Individuals.”)

While you don’t have to keep all possible financial records for tax purposes, if audited you will want to have cancelled checks and/or payment receipts relating directly to entries on your tax return. In some cases, it is advantageous to keep records longer than the typical period—for example, when selling your principal residence and claiming the capital gains exclusion allowed by IRS, documentation of original purchase price and capital improvements can be required.

\*\* Check with your insurance agent or broker for company requirements of proof of purchase and/or ownership of real and personal property in the event an insurance claim is filed. (In some cases, payment receipts are required; in other cases a written inventory and/or photographs is adequate documentation.)

\*\*\* Contents of a safe deposit box usually are not covered by Federal Deposit Insurance Corporation (FDIC). Check with your insurance broker/agent regarding coverage under your homeowners insurance policy or other coverage provisions available.

\*\*\*\* **To protect against identity theft, J.H. Bennett Records Management can provide secure destruction of your confidential household records. Call us for details.**