

## **Record Retention Guidelines for Your Personal Records GMS Surgent Shred Event – August 15<sup>th</sup> & 16<sup>th</sup>**

**Save the date!** GMS Surgent will host a shred event August 15<sup>th</sup> & 16<sup>th</sup>. Simply bring all your confidential documents to the GMS Surgent location, and one of our team members will place them in a locked and secure collection bin for on-site destruction. This service is for confidential documents only. Limit (2) boxes.

“What should I keep and what should I throw out?” This is a question that is asked often by our clients this time of year. It’s a great question and the answer, like many answers we give is, “it depends”.

With this in mind, we have put together a guide that can be used when trying to determine what an individual should keep and what should be destroyed. Please see below:

**Taxes (Returns and all documents supporting both the income and deductions taken):**

You must keep your records as long as they may be needed to support items shown on your return until the period of limitations for that return runs out.

How long the period of limitations runs is dependent upon the following:

<b>If you...</b>	<b>then the period is...</b>
(1) Owe additional tax and (2), (3), and (4) do not apply to you	3 years from the due date or the date actually filed (whichever is later)
(2) Did not report income that you should have and it is more than 25% of the gross income shown on the return	6 years from the due date or the date actually filed (whichever is later)
(3) Filed a fraudulent return	No limit
(4) Did not file a return	No limit

- IRA Contributions:** Keep permanently –  
If you made a nondeductible contribution to an IRA, keep the records indefinitely to prove that you already paid tax on this money when the time comes to withdraw.
- Retirement/Saving Plan Statements:** From one year to permanently –  
Keep the monthly/quarterly statements from your 401(k) or other plan until you receive the annual summary; if everything matched up, then shred the monthlies/quarterlies.  
  
Keep the annual summaries until you retire or close the account.
- Bank Records:** From one year to permanently –  
Go through your checks each year and keep those related to your taxes, business expenses, home improvements and mortgage payments.  
  
Shred those that have no long-term importance.
- Brokerage Statements:** Until you sell the securities –  
You need the purchase/sales slips from your brokerage or mutual fund to prove whether you have capital gains or losses at tax time.
- Bills:** From one year to permanently –  
Go through your bills once a year.  
  
In most cases, when the canceled check from the paid bill has been returned (or acknowledged on-line), you can shred the bill.  
  
Bills for large purchases – such as jewelry, rugs, appliances, antique cars, collectibles, furniture, computers, etc. – should be kept in an insurance file for proof of their value in the event of loss or damage.  
  
Bills relating to tax deductions should be retained in accordance with the period of limitation guidelines discussed above.

**Credit Card Receipts and Statements:**

From 45 days to seven years –

Keep your original receipts until you get your monthly statement; shred the receipts if the two match up.

Credit card receipts relating to tax deductions should be retained in accordance with the period of limitation guidelines discussed above.

**Paycheck Stubs:**

One Year –

When you receive your annual W-2 from your employer, make sure the information on your stubs matches.

If it does, shred the stubs.

If it doesn't demand a corrected form, known as a W-2c.

**House Records:**

From six years to permanently –

Keep permanently all records documenting the purchase price and the costs of all improvements – such as remodeling, additions and installations.

Keep records of expenses incurred in selling and buying the property, such as legal fees and your real estate agent's commission, for six years after you sell your home.

Holding on to these records is important because any improvements you make on your house, as well as expenses in selling it, are added to the original purchase price or cost basis. The increased cost basis results in reduced capital gains.

About Us

GMS Surgent is a mid-sized, full service, certified public accounting and advisory firm serving business and individual clients located primarily in (but not limited to) the Greater Philadelphia area. We warmly invite you to click around our website to learn a little more about our firm, our clients and the ways in which our services could benefit you.

"Personal Attention – Valuable Results", is the principal component of our mission statement. It highlights the GMS Surgent commitment to forging strong relationships and ensuring constructive communication while earning consistently effective results for our clients. It plays an essential role throughout every aspect of our firm, guides our actions and acts as a benchmark for the services we provide.

This information is of a general nature. It may omit many details and special rules and is current only as of its published date. Please contact us for more information and how it pertains to your specific tax or financial situation.

*August 6, 2018*