



# DEJUNKING YOUR LIFE

Is your filing cabinet bulging with personal records? Is it so full that you think you need another cabinet just to hold the incoming stream of bank records, receipts and statements? Think again, because chances are you'll be able to clear up some space simply by throwing away files you no longer need. Experts say that most people keep personal records on file longer than necessary simply because they don't know how long they actually need them. So, here are some tips to clean up some file space and make room for what's to come.

## Tax Records

While tax returns can serve as a complete overview of your financial history, you probably don't need to keep supporting records longer than three years from the date the taxes were due. If you filed correctly, you are typically safe from an audit after that time. On the other hand, if you are self-employed or have a supplementary source of income, you should keep supporting records for six years.

## Home Improvement Records

There are some situations, like if you live in your home less than two years or make a sizable profit from the sale that you will need to show receipts for home-improvements. But, tax laws now allow most home profits to remain tax-free. If you don't know when you'll sell or how much profit you'll make, it may be wise to keep those records. If nothing else, show them to potential buyers to prove how much you invested in the property, and discard them after the sale.

## Utility Statements

These can be thrown away when the bill is paid, unless you are deducting your phone or electricity charges as home-office expenses. But, remember that the stubs are only proof you received the bills— not proof you paid them, which is where bank records come in.

## Bank Records

Unless you need them for tax purposes or warranties, ATM receipts and cancelled checks can be thrown away after the statement arrives and everything matches up.

## Credit Card Statements

As soon as your payment is posted on the next month's bill, throw these away. However, hold onto receipts you may need in a tax audit to prove, for instance, that a trip to an office-supply store was for actual supplies not video games. Regularly going through your files and discarding what you don't need is an easy way to keep all your affairs in order. However, when you do choose to throw personal records away, be careful of how you dispose of them. It may be wise to shred documents that include personal information, such as social security numbers, financial details and account numbers, before you throw them in the trash.