

# Throwing out the old

## ■ What documents should be kept and what can be tossed

By Dee Ann Campbell  
The Choctaw Sun

GILBERTTOWN — It's that time again ... time to ring in the new and throw out the old. But for many Americans, it is the "throwing out the old" that is most confusing ... especially when it comes to important papers.

From receipts to deeds to tax returns to pay stubs, documents accumulate throughout the year, and with the new year now beginning, it's time to detangle the document mess. But just what can you throw away, and what do you need to keep?

Kathy Hallford of Kathy's Tax Service in Gilberttown gives important advice on what to keep and what to throw away as you get organized for the new year.

Documents to keep forever

There are some papers that you should never part with. These include such life-related documents as birth certificates, marriage licenses, and wills.

"You should keep all these types of records in a fire-proof home safe," says Kathy. "You can purchase a small one for about \$59, or just use a safe deposit box at the bank. But just put them somewhere where they'll be safe."

As for documents of deceased family members, Hallford says you should keep them until the estate is fully settled. Hallford adds that documents related to insurance policies should be kept indefinitely as well.

"It is possible that someone may file a class action lawsuit, for example, against an insurance company that you had insurance with years ago," she explains. "You may not have the insurance anymore, but the suit could include you."

Out with the old year  
There are some documents that should be kept as long as you are responsible for the item related to the document. Documents falling into this category include car titles, house deeds, etc. Once such items are no longer in your possession, it is usually safe to get rid of the documents.

"On a house, investment papers should be kept until you sell," Hallford suggests. "You also need to keep any documents to prove major improvements to the value of your house, like a pool, a room addition, a fence — anything that increased the value of your home."

The seven-year rule  
There are documents that you can get rid of after a period of at least seven years. Documents in this category include canceled checks or receipts with tax implications, other tax-related documents, and credit card statements if tax-related expenses are included on those statements.

"You should keep any proof of exemptions that you claim on a tax return for seven years," Hallford says. "The IRS runs about 2 years behind, and if they find or suspect a problem or fraud they can go back 5 years. That's where the seven-year rule comes in."

"And for stock purchases, you should keep them until stock is sold," she adds. "But once it is sold and declared on your tax return, your need to keep it for 7 years, too."

Out with the New Year

In most households, most of the document clutter comes from those records that can be

## Guidelines to go by

Here are some basic guideline for throwing out or keeping important documents:

- Keep for a lifetime:
  - Birth certificates
  - Marriage licenses
  - Divorce papers
  - Death certificates
  - Military records
  - Copies of your will, Power of Attorney etc.
  - Insurance claims/insurance policies
  - Major debt repayment records
- Loan/Mortgage papers
- Keep as Long as You Own a Certain Item:
  - Deed to house
  - Home improvement records (keep for seven years after the sale) and escrow closing documents
  - Car title and purchase papers or lease agreement
- Discard after Seven Years:
  - Bills for major purchases
  - Tax-related assets until the period of limitations expires
  - Bank records related to taxes and business expenses
  - Pay check stubs that reflect additional tax deductions
  - Canceled checks or receipts with tax implications (such as alimony, mortgage interest, charitable contributions, and retirement plan contributions)
  - Credit card statements if they reflect tax-related expenses
- Keep for One Year:
  - Quarterly statements of retirement plans, IRA etc. (Keep the annual statements at the end of the year)
  - Bank records with no long term importance
  - Bills and statements with no tax related implications.

thrown out at the end of every year. These include bank statements and bills or other paperwork with no long-term tax importance.

"You can get rid of things like basic utility bills, or any bill that is not related to your tax return," Hallford says.

But, Hallford adds, make sure you get rid of them the right way.

"Remember to shred or burn those documents," she emphasizes. "Make sure they are destroyed so that they can't be put back together. That goes for expired debit or credit cards, too. They need to be shredded, not cut up."

Keeping it all organized

Now that you know which papers to keep and which you can get rid of, you also need to know how to manage those documents that you must keep.

If you have access to a computer and a scanner, you should make electronic back-up copies of all paper documents by scanning them onto your computer files and then loading them onto a CD or DVD.

As for the hard copies, Kathy reiterates that the safest way to keep any important document is to place them in a fire-proof box in your home or in a safe deposit box at your local bank.

## Forbes: Region Bank among best in America

BUTLER -- Regions Bank was recently listed among Alabama banks that made Forbes magazine's recent Platinum 400 list of the Best Big Companies in America.

Forbes compiled the list based on the examinations of more than 1,000 corporations in a range of industries with annual revenue of \$1 billion or more. The magazine examined a range of measures, including one and five-year stock returns, earnings-per-share and sales growth, debt-to-capital ratios and long-term growth prospects.

Three Alabama financial institutions made the cut: Montgomery-based Colonial BancGroup Inc., Birmingham-based Compass Bancshares Inc. and Regions Financial Corp.

Also on the list was Birmingham-based Energen Corp.

## Senate adopts Sessions's amendment on personal retirement accounts

WASHINGTON-The Senate acknowledged Tuesday that our nation's savings rate is abysmal and that Congress should adopt policies that will encourage all Americans to save for retirement.

The Senate adopted an amendment to the minimum wage bill, sponsored by U.S. Sen. Jeff Sessions (R-AL), that encourages Congress to enact policies that promote retirement savings for all Americans. Sessions's amendment notes that the personal savings rate in the United States is at its lowest point since the Great Depression, and calls for policies that would bolster individuals' savings.

"One of the great tragedies we are facing as a nation is that we are not saving enough. Only half of American workers are employed by companies that have retirement savings plans, and of that half, 17 million choose not to participate. That means over 58 percent of American workers are not saving through an employer-sponsored retirement plan. Furthermore, average American workers have held nine jobs by age 35, meaning that they often leave jobs before their retirement benefits become vested. As a result, they will probably cash out whatever limited employer-sponsored retirement savings they have when they


change jobs," Sessions said. "Too many hard working Americans are missing out on the benefits of compound interest."

To help solve this problem, Sessions will be introducing legislation soon that would create individual savings accounts for all Americans, called PLUS Accounts - for Portable, Lifelong Universal Savings Accounts. Under the proposal, 1 percent of every paycheck earned would be automatically deposited pre-tax into individual PLUS Accounts - along with a 1 percent match from every employer - beginning in 2009 and invested in a new national 401(k)-type system. This legislation would also establish a savings account for every newborn U.S. citizen at birth beginning next year and endow each account with \$1,000.

According to Sessions, "If my plan is enacted, it is within the grasp of every working American to retire a half-millionaire."

The Senate is currently debating its minimum wage proposal, and a vote could come later this week.

Sen. Sessions serves on four committees - Armed Services, Judiciary, Energy and Natural Resources and Budget. Visit his website at [www.sessions.senate.gov](http://www.sessions.senate.gov).



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