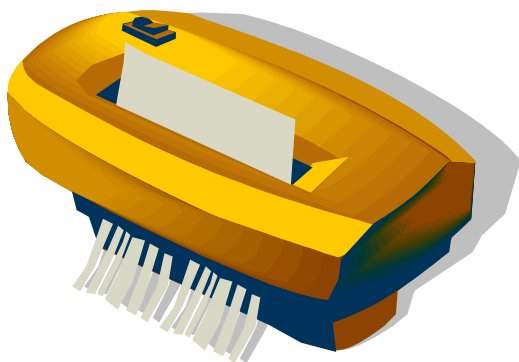


To Toss



or Not to Toss



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September 10, 2014

Information for the Presenter:

Our Program Objectives are:

1) To provide information about how long to keep various financial records.

We deal with financial records for many purposes, some personal and some business. They can become voluminous over the years. This will serve as a guideline on what documents to keep and for how long..

2) To discuss records and information to keep about family illnesses and allergies.

Preparation:

- Read the materials to become familiar with the presentation. Obtain the IRS documents, if necessary.
- Familiarize yourself with types of DNA and other traits which may be necessary for your family to know.
- If using the PowerPoint presentation, obtain access to a computer and projector. If necessary, check with your County Extension Agent for assistance.
- Make copies of the handouts you are planning to distribute.

TO TOSS OR NOT TO TOSS ICEBREAKERS

Icebreaker 1

Power of Attorney	Certified Birth Certificate	Life Insurance	Family Medical History	Allergy Information
Savings Bonds	Marriage Certificate	Pension Records	Social Security Number	Financial Records
Health Insurance	Deed(s) to House/Property	FREE	Income Tax Records	Immunization Record
Safe Deposit Box	Driver's License	Medical Power Attorney	Will	Living Will
Mortgage Records	Long Term Care Insurance	Military Records	Title Insurance	IRA/401/403/Annuity

Instructions:

Find someone who has these documents for themselves or a spouse. Have them sign their name in the square. Signatures in a straight row - vertical, horizontal or diagonal wins.

TO TOSS OR NOT TO TOSS ICEBREAKERS

Icebreaker 2

Do you have too many papers?

Have you found that you don't have some documentation you need?

What is the most important type of record for you to have personally?

Share with others if you choose.

Instructions:

These are memory reminders for each person of situations they may encounter.

You may choose to distribute copies of the questions to your group or you can ask the questions of the group and get feedback on their thoughts and solutions.

To Toss or Not to Toss

SEPTEMBER 10, 2014

GWEN RISINGER, DISTRICT 10 EDUCATION CHAIR

Welcome to the program "To Toss or Not to Toss!"

Objectives

1) To provide information about how long to keep various financial records.

2) To discuss records and information to keep about family illnesses and allergies.

The objectives of this program are to:

- Provide information about how long we should be keeping certain documents and records and
- Discuss what records and information we should keep about family illnesses and allergies.

This information has been gathered from a variety of sources, including the IRS and other publications. Please consult your Certified Public Accountant or attorney if you have specific questions about any of the financial or legal items. Your individual situation may warrant keeping documents for a longer period of time than is normally suggested.

If you are interested in learning more, see the Bibliography for sources of more detailed information.

Why Keep Records

- ❖ Pay bills on time
- ❖ Prove that you paid for a good or service
- ❖ Dispute billing, credit or banking errors
- ❖ Complete a tax return
- ❖ Collect insurance, retirement benefits, SS, VA benefits
- ❖ Proof of birth, death, marriage, divorce, custody, guardianship, citizenship
- ❖ Establish ownership
- ❖ Settle estate

There are any number of reasons why we need to keep certain records. Records help us pay our bills on time and to prove we have paid if there is ever a question or error. Documents help us complete our tax returns and serve as proof of income and deductions. Collecting insurance, retirement and other benefits may require submitting copies of records showing eligibility. There are times in life when we need to be able to show birth certificates, death certificates, and other legal documents. Titles can prove ownership of property. And settling an estate is much less complicated if financial records are available to survivors.

Tax Returns

- ❖ Keep tax return and all documentation
- ❖ Return can be amended or audited within 3 years of filing deadline
- ❖ If income under-reported by 25% – 6 years
- ❖ If fraudulently filed or no return is filed – no time limit
- ❖ Late payment of tax can result in owing interest and penalties
- ❖ Recommendation – Keep Tax returns FOREVER

Of the financial records most of us keep, the most important may be our tax returns. One of the most common questions people ask is how long they need to keep copies. The IRS provides information on How Long to Keep Records in Publication 17 - Tax Guide for 'year', in Table 1-7. You can download a copy of this helpful publication from the IRS website at www.irs.gov. Keeping past tax returns can help in preparing future returns and you will need them if you are audited or file an amended return.

How long you keep tax returns is effected by time limits the IRS has to assess additional tax or to audit your return. If you filed a fraudulent return or didn't file a return at all, there is no time limit for the IRS to assess tax or audit your return. If you under-reported your income by at least 25%, the IRS can assess additional tax or audit your return within 6 years of the original filing deadline. If neither of these situations apply, a taxpayer has 3 years from the original filing deadline to amend their

return to report additional income or claim a refund or credit. The IRS has the same 3 year time limit to assess additional tax or audit the return. Should you find you have worthless securities, then you may file up to **7 years** after the filing date.

Because of these time limits, the minimum time a person should keep their tax returns AND the accompanying documentation (receipts for deductions, W-2s, 1099s, self-employment records, etc.) is 7 years although many professionals recommend keeping them forever. Consider scanning your tax returns and documentation and storing them on your computer or external storage device such as a flash drive. This way you can keep paper records for 7 years and then toss them but still have an electronic copy if needed. If you prepare your return with commercial software, save a copy as a pdf and then scan your documentation.

Late payment of tax can result in the IRS assessing interest and penalties in addition to the tax owed.

Property Records

- ❖ **Real Property**

- ❖ Purchase records – contracts, Titles, Title Insurance
- ❖ Inheritance records
- ❖ At least 7 years after you sell

- ❖ **Vehicles**

- ❖ Bills of Sale, Titles - 1 to 2 years after vehicle sold and title transferred
- ❖ Loan documents – 1 year after loan paid unless tax consequences, then 7 years

- ❖ **Required to establish your 'cost basis' in the property at time of a sale**

Real Property:

Keep purchase records (and title insurance policy) for all property owned. This is usually your sales contract and accompanying documents provided by the real estate broker and the title company when you bought the property. The documents will include cost paid and Title Insurance policies. These records will be used to help establish your cost basis in the property when you sell so you can determine any capital loss or gain when preparing your tax return. While you own the property, keep any records showing the cost of any improvements you make as this will increase your cost basis. Keep these records at least as long as the Period of Limitations for the IRS after property is sold.

If you inherit property, the executor should provide you with a “Cost Basis” for your inheritance. This is probably an Assessment of Value. When you trade one property for another, it may be an “even swap” in which case the cost basis will be the original cost of the property you

traded. You need the original information on the property you traded plus the information on the property for which you swap.

Should there be money exchanged, if it is paid to you, then your cost basis will be reduced; therefore, you need the records of the transaction.

For money paid by you in the exchange, then this will add to your cost basis; you need the records.

Recommendation: Keep forever but at least 7 years after you sell the property and have filed your tax return.

Vehicles:

Records on vehicles you own can be kept for 1-2 years after it is sold and title has transferred to purchaser. Information on loans you used to purchase a vehicle should be kept for a year after you have paid off the loan unless there were tax consequences – for example, the vehicle was used in a business and expenses were deducted on your tax return – then keep records for at least 7 years.

Stocks, Bonds and Other Investments

- ❖ Stocks, Bonds
 - ❖ Certificates
- ❖ Investment Statements
 - ❖ Record of purchases and sales
- ❖ Recommendation
 - ❖ Keep forever or at least 7 years after sale
 - ❖ Consider electronic!

Now let's talk about what to keep related to your investment accounts

Stocks and Bonds

If you own stocks and bonds that were purchased long enough ago that you have the actual stock certificates or bonds, you obviously want to keep them until you sell the investment. If you have a brokerage account, you have the option of turning the certificates over to the brokerage firm to keep. At that point, your stock or bond investment will show up on your brokerage statement. Before turning over the certificates, you should make a copy or scan the certificates into an electronic file. Most newly purchased investments will not provide you with copies of the actual certificates. Your investment will be held on your behalf in the name of the brokerage firm and be documented on your brokerage statement. As you purchase or sell stocks or bonds, it is important to keep copies of your statements to show the purchase and sales prices. You will need to know that information in order to compute

any capital gain or loss when you sell. You should keep all statements that show these transactions forever or for at least 7 years after any sales since these sales will be reported on your tax return the year you made the sale.

Guidelines for Keeping Other Records

- ❖ **Other Common Financial Records**

- ❖ Bank statements, credit card statements, income records, etc.

- ❖ **Miscellaneous Records**

- ❖ Everyday bills

- ❖ Insurance records

- ❖ Receipts

- ❖ **Permanent Records**

- ❖ Vital records, legal documents, retirement, etc.

So that leaves all of the other financial and legal records we have. What do we keep and for how long?

REFER TO HANDOUT TITLED: Records Retention Guidelines

NOTE to PRESENTER: Review the guidelines from the handout. Answer any questions members may have.

The guiding principle for keeping records is if it has tax consequences, KEEP IT for at least 7 years after it was reported on a tax return as income or a deduction. If there are no tax consequences and it would be hard to replace, KEEP IT. If the record relates to an everyday purchase or bill, keep it until you have documentation that your account is credited with a payment and then you can THROW IT AWAY.

Personal & Family Financial Record Inventory

Texas Agrilife Extension has recently published a *Personal and Family Financial Records Inventory* publication that you can download and complete. The cost is \$5 plus handling.

This can be saved to a hard-drive, a flash-drive or other portable media as well as being printed. It is 54 pages.

To obtain:

www.agrilifebookstore.org/product-p/efcs-005.htm

Medical Information and DNA Records

- ❖ **Family Medical History**
 - ❖ Build a Family Medical History record
 - ❖ Include allergies
- ❖ **DNA Testing**
 - ❖ Consult physician
 - ❖ Medical testing vs genealogical testing

Each of us has a legacy from previous generations which includes color of eyes and hair, height, bone structure as well as possible inherited tendencies for medical problems. This information is a legacy to be kept and passed on to future generations. Many of us have started family trees because of an interest in extended families, country of origin, and history. Including medical information with these records or in a separate file can be useful for future generations.

Family Medical History

Consider building a Family Medical History record using the Handout titled 'Family Medical History.' Much information about family illnesses which can be inherited can be gathered by talking with older relatives or friends. Other sources may be death certificates. Any of this information should be kept permanently and may provide guidelines on frequency of tests or just symptoms for which people should look. Since allergic

reactions can be fatal, include this information too. You may want to keep blank sheets to copy when you need additional pages.

Organizing all this is important. Consider filing by illness or branch of your family – Mother's side or Father's side.

DNA or Genetic Testing

DNA (Deoxyribonucleic acid) are the blueprints for our bodies – biological information storage. They include chromosomes and genes, terms which you have probably heard. Based on your Family Medical History, you and your physician may decide to undergo genetic testing. For those who decide on specific medical DNA tests, your doctor and you will receive a written report. These reports will be detailed according to the condition for which they are testing. For instance, if you are concerned about breast cancer, etc. you may have had one of these tests. Keep these test results permanently. (Since these are expensive, the need should be discussed thoroughly with your doctor before having one.)

Several organizations provide a way to have a DNA tests done which provide genealogical family trees, information such as, what percentage of your heritage is from the British Isles, areas of Asia, Europe, Africa and so forth. Ancestry.com also provides a service allowing you to share this information with other individuals who have purchased the same DNA Kit and to correspond with them via their service. This can help in tracing family trees. National Geographic also has a DNA kit; this is not shared with anyone unless you give them the code and password you have set up. It is a more detailed analysis. **Neither of these have health information as part of the results.**

Questions and Comments?

Record Retention Guidelines

Type of Record	Retention Period in years
Bank Statements and Canceled Checks	Statements - 1 year if no tax significance; canceled checks for tax payments - indefinitely; canceled checks for home improvements, mortgage payments - at least 7 years after home sold. Others can be discarded after reconcile statement.
Certificate of Deposit Records	At least 6 years after redemption and file tax return
Credit Card Statements	Receipts until statement verified unless valuable purchase (keep with home inventory or insurance file) or tax consequences (keep with tax records). Keep Statements 1 year.
EIN Records	Forever
Important Correspondence	Forever
Income Tax Returns and all supporting documentation	At least 7 years, but recommend indefinitely.
Insurance - Accidents and Medical Claims	6 years after settlement; if tax related with tax records.
Insurance Policies	Until no longer valid, no longer a chance you will file a claim, or no longer own the asset.
Inventory of what you own, include photos and video	Forever
Legal Documents (Wills, Trusts, etc.)	A will should be kept until superceded; keep trust documents forever.
Loan and Mortgage Records	7 years after loan paid in full. (see Property Purchases)
Military Papers	Forever
Passports	Forever
Pay Stubs	Until accuracy of W-2 verified; Keep final pay stub if it contains information not on W-2 (i.e. union dues); get a W-2C if necessary
Property Purchases, Major Improvements; major maintenance (Home); include property records &	At least 7 years after sell home.
Property Taxes Paid	At least 7 years after no longer own property - typically with tax return
Receipts for Major Purchases	While owned; if taxable keep copies with tax records; check if has a warranty
Retirement and Pension Records (IRA, 401(k), annuities, etc.)	Forever for year end statements; quarterly statements until verify annual statement.
Social Security Statements	Verify yearly with W-2 and tax return (i.e. self-employment income)

Record Retention Guidelines

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Family Medical History

Person

Page #

[illegible]

* Include father, mother, siblings, aunts, uncles, grandparents (all blood relatives) Use a separate set of sheets for each spouse

Family Medical History

Family Member's Name	Date of Birth	Medical Condition	If deceased, list cause and date of death

* Include father, mother, siblings, aunts, uncles, grandparents (all blood relatives) Use a separate set of sheets for each spouse

Bibliography

Part 1 Financial Records

www.irs.gov

Publ. 1	Your Rights as a Taxpayer
Publ. 17	Your Tax Guide (for current year)
Publ. 225	Farmer's Tax Guide
Publ. 334	Tax Guide for Small Businesses

Recommendations for Keeping Records

www.bankrate.com

www.smead.com (Guidelines for Record Retention)

www.aicpa.org (American Institute of CPA's)

Massachusetts Society of Certified Public Accountants Record Retention Guide

Several Certified Public Accounting firms found via an internet search

'Your Financial Records: What to Toss and When,' *FDIC Consumer News*, Winter 2010/2011.

familytreemagazine.com/article/what-to-keep-and-what-to-toss

AgriLife Extension Publication EFCS-005, Personal and Family Financial Records Inventory, \$5 from Agrilifebookstore.org.

Part 2 DNA/Health Records

<http://www.webmd.com/baby/genetic-test>

www.wikipedia.com Various topics (these may or may not have been reviewed by someone who has expert knowledge in the fields)

www.dictionary.com

www.cyndislist.com/dna.htm

Cyndi's List: Genetics, DNA and Family Health

Texas Agricultural Extension Service B-1377 Family Health and Medical Record (discontinued publication)

Texas Extension Education Association, Inc.
To Toss or Not to Toss Evaluation