

FILE IT, FIND IT

IMPORTANT RECORDS

The piles of paper that each individual and family handle every year are enough to stagger the imagination. Much that comes through our hands is worthless, but there are some important papers and records that need to be kept and properly stored away for future use. One of the challenges of modern times is knowing what to keep and what to throw away as you move through the years. Many records needed in later life originate during the early years of an individual's life. It is most important that parents maintain proper records for their children during this time and provide them skills in learning what and how to maintain records as they grow and develop. By maintaining adequate family records, parents are setting an example for their children to follow.

WHY KEEP RECORDS?

In addition to serving as a model for their children, families need to maintain records to:

- Prove income tax deductions
- Establish ownership
- Assist in settling estates, insurance claims, and child support awards
- Document business transactions
- Shorten the time it takes to collect insurance, veteran, or pension benefits
- Provide a summary of the family's financial situation
- Aid in making future financial decisions

HOW LONG SHOULD RECORDS BE KEPT?

When reviewing records, individuals and families need to carefully consider the value of an item before discarding it. All records that might be used as proof of ownership should be retained. In addition, keep records that might be necessary for resale purposes, those that relate to income tax deductions, and others which

might have future value as reference for specific financial transactions. If you are in doubt about discarding a given item, consult other family members before tossing the item.

The Internal Revenue Service (IRS) offers some guidance relative to record keeping. Generally, IRS has three years in which to audit a tax return. Therefore, it is necessary to keep all records for three years that support an item of income or a deduction noted on your tax return. It is important to note that the three-year limitation does not apply if you fail to report more than 25% of your gross income. In this case, the government has six years to collect the tax or start legal proceedings. Filing a fraudulent tax return or not filing a return eliminates any time limit by the IRS.

RECORDS THAT SHOULD BE KEPT PERMANENTLY

Certain family records need to be kept indefinitely. Following is a list of records that should be kept permanently:

- Records that show the original cost or value of your property.
- Records of home improvement costs to reduce capital gain taxes if your home, land, or appreciable property is ever sold for more than its original cost or value.
- Income tax returns. If you are missing these, you can obtain copies from the IRS center where you filed your return. Complete Form 4506, "Request for a Copy of Tax Form." There is a fee for this service.
- Employment and education records
- Credit card information
- Information on pension records, family health records, and certain canceled checks.



RECORDS TO DISCARD

Remember, all records do not have to be kept indefinitely. Each year you should sort through your files and throw away records you have no further use for. At the same time, store records you do need to keep. Do not throw away any record that you may need for proof of ownership, future reference, resale value, or income tax.

In making the decision to discard records, check current IRS regulations or ask an accountant. Following are examples of items you might discard:

- Bank statements and receipts of transactions for closed accounts or which are no longer meaningful
- Canceled checks that are not needed as receipts for proof of purchase or income tax purposes (These might include checks for groceries, clothing, or cash)
- Records of appliances that have been replaced
- Warranties which have expired
- Washing and cleaning instructions for fabrics and garments that have been discarded.

To assist you in determining what records to keep, how long to keep them, and where to store retained records, refer to the chart in this publication.

WHERE SHOULD RECORDS BE KEPT?

Where an individual or family keeps an important record will depend upon how often it is used and whether it is difficult to replace. Essentially, there are three main places where records can be kept:

1. In a bank safe deposit box (or a fireproof home storage container or safe)
2. In a wallet or purse
3. At the home business center

A good rule to follow is to keep a record at home unless it is a legal document or one that will be difficult to replace or duplicate. The best place to keep a document or a record that is difficult to replace is in fireproof, theft-proof storage such as a bank safe deposit box or a home safe. If a home safe or fireproof file is used, it should be able to withstand heat of 1700 °F for one hour. Examples of documents that should be placed in a safe deposit box are personal documents (birth certificates, adoption papers), securities and properties, copies of wills, and the original copy of the household inventory.

Records and papers that should be carried in a wallet or purse are those that are needed for identification purposes and for emergency treatment. Included in the list are a personal identification card, credit cards, driver's license, membership cards, important medical information or cards, and a Social Security card.

Knowing the locations of important papers and the names, addresses, and telephone numbers for important professional contacts are among the major advantages for maintaining a complete record-keeping system. To further help you maintain individual and family records and papers, refer to "File It, Find It: Valuable Papers Inventory," HM Leaflet 665. This leaflet provides a format for listing the location of important papers as well as the names, addresses, and telephone numbers of advisers, various types of banking accounts, insurance policies, and real estate holdings. By maintaining such a listing, you have a ready reference which can serve you and your family well as you conduct routine business. Such a listing will become even more valuable during a crisis such as a home fire or death of the family financial manager. Be prepared. Have a listing of your valuable papers and their location. Keep a copy away from home. The safest place is a bank safe deposit box. Other places include a relative or trusted friend, your attorney, or your office.

HOW TO REPLACE LOST RECORDS

When organizing your records and papers, you may notice you are missing an item here and there. Replace any missing papers immediately. It often takes several weeks to secure replacement documents. To replace records which were originally issued in South Carolina, write the Office of Vital Records & Public Health Statistics, SC Department of Health and Environmental Control, 2600 Bull Street, Columbia, SC 29201. Out-of-state records often can be obtained by writing to the Office of Vital Statistics in the capital city of the state where the event occurred or by contacting the Clerk of Court in the county where the event occurred. For additional information on obtaining replacement records from other states, write Consumer Information Center, Pueblo, CO 81009 and ask for the leaflet, "Where to Write for Vital Papers." There is a small charge for this leaflet.

KEEPING UP WITH IMPORTANT RECORDS

ITEM	CARRY WITH YOU	HOME FILE	SAFE DEPOSIT BOX	HOW LONG
Account books		X		PERMANENTLY
Adoption papers			X	PERMANENTLY
Apartment or house lease		X		UNTIL EXPIRES
Appraisals of jewelry, furs			X	UNTIL DISPOSED OF
Bank statements, deposit slips, check stubs		X		3 YEARS
Birth/death certificates			X	PERMANENTLY
Burial plot deeds			X	PERMANENTLY
Canceled checks		X		3 YEARS
Charitable contribution records		X		3 YEARS
Citizenship papers			X	PERMANENTLY
Credit card numbers		X	X	UNTIL DISPOSED OF
Debts - what we owe		X		5 YEARS
Educational records		X		PERMANENTLY
Employment records		X		PERMANENTLY
Guarantees, warranties		X		LIFE OF PURCHASE
Home improvement records		X		UNTIL DISPOSED OF
Identification				
Driver's license	X			PERMANENTLY
Special medical conditions	X			PERMANENTLY
Blood type	X			PERMANENTLY
Whom to notify in emergency	X			PERMANENTLY
Installment purchases with payments scheduled		X		5 YEARS AFTER PAID
Instruction books		X		UNTIL DISPOSED OF
Insurance policies:				
Automobile		X		UNTIL EXPIRES
Disability		X	LIST	UNTIL EXPIRES
Hospitalization		X	OF	UNTIL EXPIRES
Life		X	ALL	UNTIL EXPIRES
Personal liability		X	POLICIES	UNTIL EXPIRES
Property		X		UNTIL EXPIRES
Inventories				PERMANENTLY
Household & farm/business		X		(REVISE AS NEEDED)
List of safe deposit box contents		X	X	PERMANENTLY (REVISE AS NEEDED)
Marriage & divorce records			X	PERMANENTLY
Medical records		X		PERMANENTLY
Military service records			X	PERMANENTLY
Payroll check stubs		X		3 YEARS
Real estate papers: mortgages, deeds			X	UNTIL DISPOSED OF
Receipts and receipted bills unless tax deductible or guaranteed		X		5 YEARS
Savings and investment records		X	LIST	PERMANENTLY
Tax returns and records:				
Income		X		PERMANENTLY
Property		X		PERMANENTLY
Vehicle title; bills of sale			X	UNTIL DISPOSED OF
Wills		X	X	PERMANENTLY

File It, Find It leaflets, a component of the Life Cycle Planning Program, are offered to help individuals and families get control of their resources as they plan for financial security throughout their lifetimes.

The following leaflets are available:
HM 664 Household Inventory
HM 665 Valuable Papers Inventory
HM 666 Important Records
HM 667 Home Filing System

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