

Individuals

Document Retention Guide

Maintaining proper records is essential for individual taxpayers to ensure compliance with tax laws and to support any claims or deductions on their tax returns. This guide provides an overview of the types of documents that should be retained and the recommended retention periods.

Types of Documents to Retain

1. Tax Returns and Supporting Documents

- **Tax Returns:** Keep copies of your filed tax returns permanently.
- **Supporting Documents:** Retain documents that support your tax returns, such as W-2 forms, 1099 forms, and other income statements, for at least seven (7) years.

2. Income Records

- **Pay Stubs:** Keep pay stubs until you reconcile them with your W-2 form.
- **Bank Statements:** Retain bank statements for at least three (3) years.
- **Investment Records:** Keep records of investment purchases and sales for at least seven (7) years after the sale.

3. Expense Records

- **Receipts and Invoices:** Retain receipts and invoices for deductible expenses for at least seven (7) years.
- **Credit Card Statements:** Keep credit card statements that support tax deductions for at least seven (7) years.

4. Property Records

- **Home Purchase and Sale Documents:** Retain documents related to the purchase and sale of your home, including closing statements, for at least seven (7) years after the sale.

- **Improvement Records:** Keep records of home improvements for at least seven (7) years after the sale of the property.

5. Retirement and Investment Accounts

- **IRA and 401(k) Statements:** Retain annual statements for your retirement accounts permanently.
- **Investment Account Statements:** Keep statements for taxable investment accounts for at least seven (7) years.

6. Miscellaneous Records

- **Medical Bills:** Retain medical bills and insurance statements for at least seven (7) years if they support tax deductions.
- **Charitable Contributions:** Keep records of charitable contributions for at least seven (7) years.

7. Other Permanent Records

Birth and death certificates

Wills/Trust Agreements

List of financial assets held

Alimony, custody and prenuptial agreements

Divorce agreements

Military papers

Photos or videotape of valuables

Conclusion

Properly maintaining your financial records can help you avoid issues with the IRS and ensure that you have the necessary documentation to support your tax returns. By following this guide, you can stay organized and prepared for any tax-related inquiries. If you have any additional questions, please contact one of our associates at Redwitz.