

# How Long You Should Keep Your Documentation?

In the spirit of *The Life-Changing Magic of Tidying Up* and other home-makeover shows and books, many people feel inspired to purge the unnecessary items cluttering up their homes.

Each year or even each month, we keep records of big purchases, income statements, bills paid, tax forms, and more.

But how often do we really comb through our paperwork and get rid of what we no longer need?

How often should we?

Keeping records is important, but keeping them forever is unnecessary.

The next time you go through your documentation, consider securely discarding the oldest ones in accordance to these rules.

## Financial and tax documents: Three years

The [Internal Revenue Service](#) posits that you should keep financial records and income tax returns for about three years.

There are exceptions and reasons to keep some documents longer than three years because of a tax limitation, but the bottom line is to keep your main financial records and income tax returns for at least three years.

Here are some of the main exceptions:

- A business owner should keep employment tax records for at least 4 years after the date that the tax becomes due or is paid

- Keep records for 7 years if you file a claim for a loss

## Sales receipts for big-ticket items: Five years

Institutional (Nursing Home Care) Medicaid has a five-year lookback period.

If a person intends to apply for Medicaid benefits, he or she must be able to show receipts from the sale of valuable items over the last five years to prove they were sold at or above fair market value.

Coin collections, artwork, antiques and other valuable items sold below fair market value give the appearance of trying to look less financially able to pay for one's own nursing home care.

It is worthwhile to keep these sale documents for at least five years.

## Retaining your estate planning documents: Seven years

If you have paperwork from an estate that has been settled, keep those documents for at least seven years.

That is the possible window the IRS has to open an audit, and as long as you retain the records of how you came into your inheritance, you will be prepared for any questions that may arise.

Your own [estate planning](#) documents should be kept in a safe, secure place, such as an actual safe, locking file cabinet, or a safe deposit box at a bank.

If you own your safe deposit box alone, your family will need a court order to open it and obtain your documents, which may add time and effort to begin settling your affairs.

Consider entrusting these documents to your [New York estate planning lawyer](#) as well, as they can keep original documents secure.

You should make sure to have all of the following [documents for your estate plan](#) in one spot:

- Will
- Health care proxy
- Durable power of attorney
- Revocable Living Trust

## How to get rid of old documents securely

There are many effective ways to destroy your private information, but these methods only work if they are done thoroughly.

- **Shred** – one of the most efficient and secure ways of getting rid of your documentation, shredding paper is generally quick and simple. A cross-cut shredder is most secure, as it turns your records into confetti. Personal shredders are available to purchase at most office supply companies, and those stores may also offer shredding services for a fee, as well as some postal and shipping companies.
- **Cut and hole-punch** – cutting up your documents is a good way to make your information more difficult to obtain, and using three-hole punchers to remove important details is effective. This is fairly time consuming, though, so this technique works best with small amounts of paper.

## Protecting your family's sensitive financial information for 75 years

The probate and estate planning attorneys at Lissner & Lissner, LLP have more than 75 years of combined experience representing clients in estate planning and administration in New York, New Jersey and Florida.

We look forward to helping you securely provide for your future and your family's future.

or call [\(212\) 307-1499](tel:212-307-1499) to schedule a consultation today.