

Trash That Paper

Which documents to toss, and which to keep.

By Kimberly Lankford, *Kiplinger's Personal Finance*

Now that you've filed your tax return, naturally you should keep a copy for your records. But it's okay to chuck much of the other paperwork you've been accumulating over the past year, or longer.

Start by dumping all of your supporting documents for your 2002 tax return and earlier. The rule is to keep your paperwork for three years, and six years if you own a business. You generally can't be audited after that.

Shred and toss ATM receipts when the transactions appear on your monthly statement. The same is true for credit-card receipts, unless you need them for tax purposes (if you're writing off business expenses, for example). Throw away utility bills as soon as your payment shows up on the next one, unless you're claiming a home-office deduction.

When it comes to investments, hang on to any statements showing the date and purchase price of a stock or mutual fund. You'll need that information until you sell the shares.

Other than that, you can generally toss monthly statements if the tally agrees with your year-end report. But keep year-end statements, which also show how much of your dividends and capital-gains distributions you reinvested - information you need in order to avoid being taxed twice when you finally decide to sell your shares.