

Shredding Personal Documents and When to Dispose of Them

When you put a piece of paper in the trash it can be difficult know what happens to it. Since few people burn trash anymore, it is likely that your trash passes through several stages on its way to a landfill or incinerator. Every step that occurs once the trash leaves your control has risk that someone will find personal information they can use to cause you harm.

One way to safeguard personal information is to shred it before it goes into the trash. Shredding devices are available at most office supply stores. You may want to consider one depending on your level of concern. Shredding services or shredding events are often offered by financial institutions or community organizations.

Item	Retention Guidelines	On Disposal
Tax information and returns	There is a general three year statute of limitation for your taxes. This means the IRS has three years from when you file your return to start an audit. (There is no limit for fraudulent returns). Therefore, you need to keep documents that support items on your tax returns for those three years. Each year you can throw out the three year old documents, but you should keep copies of tax returns forever.	Shred
Investment records and statements	Investment records must be kept to support your tax returns. Documentation of purchases and sales (either confirmations or brokerage statements including the information) must be kept for three years past when you report the sale on your tax return. You may find it helpful to keep brokerage statements for many years.	Shred
Bank statements and cancelled checks	Some people keep every cancelled check and others toss most of them. Certainly you should keep cancelled checks that support any tax deductions and any that you think may come in handy. Otherwise, cancelled checks can take up a lot of space. Bank statements are a bit different. You may want to keep them for some period (three years or so) so you can document your payments for important items. Together with your checkbook register, you would be able to identify when and how much you paid for almost anything.	Shred
Paycheck stubs	These documents can include very important information including Social Security number and financial institution account numbers if you use direct deposit. You may need to have the last three month's stubs if you are planning to apply for a loan. Otherwise, you should only keep the latest stub.	Shred

ATM receipts	Keep ATM receipts until you have compared them with your bank statement. Then dispose of them carefully.	Shred
Credit card statements	Even though there is no requirement to keep these statements, you may want to save them for some period (a year) in case there is a dispute, you want to return an item or if you want to be able to analyze your spending.	Shred
Credit card receipts	Generally keep receipts until you have compared them to your credit card statement. However, if the receipt is for something that you may want to return, keep it longer.	Probably shred
Utility bills and other household receipts	Unless you are claiming household expenses as tax deductions, there is no need to keep these types of records very long. You can always use a cancelled check to document payment.	Probably safe to toss in trash.
Warranties	Keep warranties for as long as you own the item or until the warranty period expires.	Probably safe to toss in trash.
Insurance	Insurance policies and claims information should be kept for as long as the policy remains in effect.	Shred
Home financial information	Deeds, mortgages and information on home improvements should be kept for as long as you own the home plus the three year period for tax purposes.	Shred
Personal documents and pictures	This is your personal preference.	Shred anything containing sensitive information and private pictures.

Permanent Files

Documents to keep forever include wills, powers of attorney, birth certificates, marriage documents, divorce or child care orders, trust documents, business agreements, military records and other such permanent records.

Electronic data files with personal information

Floppy diskettes and CDs should be shredded, destroyed or made unusable in some manner. Computer hard drives deserve special attention. Hard drives may have information on finances, taxes, user names, passwords and other information that should not fall into the hands of fraudsters. Deleting files and formatting a hard drive does not permanently remove the files from the system. Before disposing, recycling or donating a PC, the hard drive should be removed and physically destroyed.