Cates & COMPANY, CPA

RECORD RETENTION

In response to numerous questions about what records should be kept and for how long, we have prepared the following for your reference based on current Federal laws.

INCOME TAX RETURNS AND SUPPORTING DOCUMENTS – Keep supporting documents at least 4 years and preferably 6 if space is not critical. Once this period has elapsed, the documents can be shredded. Tax returns should be retained indefinitely.

REAL ESTATE PROPERTY RECORDS – All escrow statements (purchase and sale) and receipts for improvements should be kept for at least 4 years after the property is sold (including refinancing papers).

PURCHASE AND SALES RECEIPTS FOR STOCKS, BONDS, MUTUAL FUNDS, AND INVESTMENTS – These records should be kept for at least 4 years after the asset is sold. This includes a record of stock dividends, splits and reinvested dividends.

DEPRECIATION RECORDS – For any depreciable business asset, keep a record of the asset's cost, date acquired, and schedule of depreciation claimed. These records should be kept until 4 years after the disposal of the property.

RETIREMENT PLAN CONTRIBUTIONS – Records of IRA contributions, employer plan stock purchases, rollovers, and retirement plan contributions should be kept until 4 years after the plan assets have been withdrawn.

PERSONAL RECORDS – Important papers, such as estate and gift tax returns, divorce and settlement agreements, deeds, promissory notes, title insurance policies and all trust documents should be kept in a safe deposit box or fireproof file. All other documents including bank statements, canceled checks, credit card statements, deposit slips, charitable contribution receipts and medical bills can be discarded after four years.

<u>IMPORTANT NOTE</u> – The thermal paper used for credit card transactions, fuel receipts and many store receipts is not a reliable form of documentation. After time these receipts may fade or turn black. For your protection, be sure to make copies of all receipts printed on thermal paper.

P.O. Box 650 • 1341 Sierra Street • Kingsburg, California 93631 • (559) 238-3808 • Fax (559) 238-3878
email: cpacates@yahoo.com