

# **SAVE OR SHRED NEW RULES FOR FINANCIAL DOCUMENT RETENTION!**



**Presented by:**

**James J. Holtzman, CFP®**

**Wealth Advisor and Shareholder with Legend Financial Advisors, Inc.®**

## **JAMES J. HOLTZMAN, CFP®**



**James J. Holtzman, CFP®, is a Wealth Advisor and Shareholder with Legend Financial Advisors, Inc.® and Emerging Wealth Investment Management, Inc.®**

**Jim has been selected nine consecutive times by *Medical Economics* as one of “The 150 Best Financial Advisors for Doctors in America.”**

**Mr. Holtzman has been selected five times by *Dental Products Report* as one of “The Best Financial Advisors for Dentists in America”.**

**Jim has also been previously selected three times by *Pittsburgh Magazine* as one of the Pittsburgh area’s FIVE STAR Wealth Managers, a list that represents the most elite financial advisors in Pittsburgh.**

**With over 20 years of experience, Jim assists all types of clients with their financial planning and investment needs. Jim’s extensive skill set includes providing financial advice to retirement-focused clients, medical and dental practices, and businesses.**

**Jim serves as the firm’s Income Tax and Education Funding and Planning Specialist.**

**Jim’s previous professional experience includes employment with various CPA and Financial Advisory organizations where he provided tax, accounting, auditing and financial consulting services to individuals and businesses. Jim has also provided financial advice to various Fortune 500 and public company executives.**

**Jim’s areas of concentration include income tax planning, estate planning, stock option exercise planning, insurance, retirement planning and Section 529 Plans.**

**Mr. Holtzman was selected by *Pittsburgh Business Times* as one of the 2013 Fast Tracker's, which honors leaders in the Pittsburgh area's business community who've had a significant impact on the growth of their organization.**

# **TYPES OF DOCUMENT RETAINERS**

- 1. Keeps Documents Unorganized**
- 2. Keeps Documents Catalogued**
- 3. Signs Up For Electronic Bill-Paying And Documents Online Wherever Possible**

# **TAX RETURNS**

- 1. At Least Three Years From Date Filed Or Due Date Of Tax Return, Whichever Is Later.**
- 2. Keep All Supporting Documents**
- 3. Three Years Is The IRS Statute Of Limitations To Assess Additional Tax If You Did Not Properly Report Your Income**

# TAX RETURNS

- 1. Omit More Than 25% Of Gross Income, The IRS Has 6 Years To Assess An Additional Tax**
- 2. Fraudulent Tax Returns - No Statute Of Limitations**
- 3. No Tax Return Filed - No Statute Of Limitations**



# **TAX RETURN**

- 1. Keep Tax Forms For Retirement Accounts For Seven Years After The Account Is Closed Out**
- 2. Worthless Securities Or Bad Debt - Seven Years**
- 3. Depreciating Asset – Keep Documentation Until Asset Is Sold**

# **TAX RETURN - STATE**

- 1. Moving From State To State**
- 2. Be Careful Of Different State Tax Return Filing Requirements**
- 3. No Statute Of Limitations If Tax Return Is Not Filed**



# **PAY STUBS**

- 1. Keep Until W-2 Is Received**
- 2. Keep If Applying For Mortgage Or Loan**
- 3. Compare To Social Security Records**
- 4. Keep Last Pay Stub Of Last Job**



# TRADITIONAL IRA CONTRIBUTIONS

**Keep Forever For Basis Records – IRS Form 8606**



# RETIREMENT PLAN STATEMENTS

- 1. Keep Any Statements That Justify After-Tax Contributions**
- 2. Keep IRS Form 8606 Forever**
- 3. Retain Year-End Statements – Confirm Employer And Your Contributions Are Accurate**



# SOCIAL SECURITY

1. Keep Last Earnings Statement
2. Go To Social Security Website For Updated Earning Statements
3. Confirm Earnings Statement Is Accurate



# **PERSONAL RESIDENCE DOCUMENTS**

- 1. Home Improvement Documents**
- 2. Cost Basis And Potential Buyers**
- 3. Keep Documents That Required Permit**
- 4. Settlement Statement - Depends On The State**

**Keep The Above For A  
Minimum Of Three Years**

# UTILITIES

- 1. Monthly Bills - Hold One Year Or Less**
- 2. If Bills Are Deducted On Tax Return, See Tax Return Information**
- 3. Keep Last Statement From Old Address**

# **CREDIT CARD STATEMENTS**

- 1. Monthly Bills - Hold One Year Or Less**
- 2. Purchase With Warranty Or Some Special Guarantee - Hold That Particular Month's Bill**
- 3. Deductible Purchases – See Tax Return Section**

# **INVESTMENT STATEMENTS**

- 1. Hold Monthly Statements Until You Receive Year-End Summary**
- 2. Keep Documents Reflecting Cost Basis**
- 3. Online Statements Might Not Stay Forever**
- 4. New Cost Basis Reporting Rules (Be Aware Of Cost Basis Method Custodian Defaults To)**
- 5. If Transferring From One Account To Another, Keep Statements Reflecting Transfer**

# **HEALTH SAVINGS ACCOUNT STATEMENTS**

- 1. Hold Monthly Statement Until You Receive Year-End Summary**
- 2. Retain Statement Confirming Contribution Has Been Made**
- 3. Retain Year-End Pay Stub Or W-2 If Contributing From Payroll**
- 4. Online Statements Might Not Stay Forever**



# **SECTION 529 PLANS / COVERDELL ACCOUNTS**

- 1. Retain Year-End Statements**
- 2. If Transferring Account To Another Account, Keep Statements Reflecting Transfer Occurred**
- 3. Keep Receipts To Justify Withdrawals – Follow Tax Return Guidelines**

# **ANNUITIES**

- 1. Retain Year-End Statements**
- 2. If Transferring Account To Another Account, Keep Statements Reflecting Transfer Occurred**
- 3. Section 1035 Exchange – Retain Contribution Information**

# **BANK STATEMENTS**

- 1. Keep Cancelled Checks For 7 Years**
- 2. ATM Receipts - Until Reconcile Bank Statement**
- 3. Keep Receipts Until Statement Is Reconciled**
- 4. Receipts Oftentimes Can Be Emailed**

# **BENEFICIARY DESIGNATION**

- 1. Verify With The Companies At Least Annually**
- 2. Do Not Rely On Website**

# **ESTATE PLANNING DOCUMENTS**

- **Keep In A Safe**
  - **Keep With Attorney That Drafted It**
  - **Retain Most Recent Version – Confirm Documents Are Dated**
1. **Will**
  2. **Trusts**
  3. **Durable Power Of Attorney**
  4. **Healthcare Power Of Attorney**
  5. **Living Will**
  6. **Testamentary Letter**

# **ESTATE PLANNING – AFTER DEATH**

- 1. Tax Returns - Same As Prior Slides**
- 2. Estate Planning Documents – General Guideline Is Seven Years**
- 3. Usually Legal Claims And Income Tax Audits Have To Be Started Within Seven Years**
- 4. Document Step-Up In Basis Until Securities Are Sold**

# MEDICAL BILLS

1. Until Claim Is Resolved
2. Insurance Companies Can Request Verification Of Doctor Visit



Service Date	Description	Code	Amount
8-14-16	Admission charge	851000095	87.00
8-14-16	Med/Surg Private room	172001525	174.00
8-14-16	Chest X-Ray	225647700	37.60
8-14-16	Pharmacy	751004102	9.00

# **PROPERTY AND CASUALTY INSURANCE**

- 1. Hold Face Page Until Renewal**
- 2. If Claim Is Filed, Hold Face Page For That Period**
- 3. Keep Until Liability Statute Of Limitations Pass**
- 4. Home Inventory Programs**
- 5. Document With Pictures**



# LIFE INSURANCE

1. **Keep Contract Until Policy Is Cancelled**
2. **Throw Out Old Annual Statements Unless Cost Basis Is Reflected**



# **DISABILITY INSURANCE**

- 1. Keep Contract Until Policy Is Cancelled**
- 2. If Making Claim Or On A Claim, Keep Policy Documents And Correspondence**

# **LONG TERM CARE INSURANCE**

- 1. Keep Contract**
- 2. If Reimbursement Policy, Keep All Documents To Justify**
- 3. If Indemnity, Not As Necessary**
- 4. Keep Medical Records**

# **LOANS**

- 1. Keep Until Loan Is Paid Off**
- 2. Keep Payoff Statement Forever**
- 3. Keep Statements To Justify Principal And Interest Payments In Order To Deal With A Challenge To Balance**
- 4. Keep Original Loan Agreement**

# KEEP FOREVER

1. **Birth Certificate**
2. **Marriage License**
3. **Death Certificate**
4. **Adoption Records**
5. **Military Records**
6. **Social Security Cards**
7. **Passports**
8. **Appraisals**
9. **Diplomas And Transcripts**
10. **Driver's Licenses**
11. **Pension Records**



# **AUTO TITLE**

**Keep As Long As Vehicle Is Owned**

# IDENTITY THEFT

**Thieves Cannot Steal What You Have Destroyed**



# CREDIT REPORTS

1. **Keep Report From Each Credit Reporting Agency**
2. **Request At Least Annually**
3. **Compare New Report To Old Report**
4. **Shred Old Report If New Report Makes Sense**
5. **Keep Report If You Are Disputing Something On It**





# STORING DOCUMENTS

1. **Purchase Scanner**
2. **Set Up File System**
3. **Backup Hard Drive**
4. **Cloud Server**
5. **Safe Deposit Box**
6. **Plastic Page Slips (Waterproof)**
7. **Fire-Proof Safe**



# HOW TO ORGANIZE

- 1. Sign Up For Account On Provider Website**
- 2. Make Sure That Documents Exists On Website**
- 3. Request Old Statements (Could Be A Fee)**
- 4. Review Credit Report**

# **DOCUMENT PROTECTION**

- 1. Update Software Programs**
- 2. Antivirus Programs**
- 3. Antispam Programs**
- 4. Separate Hard Drive**
- 5. Encrypt Files On Hard Drive**
- 6. Cloud Service – Understand Cybersecurity**

# QUESTIONS AND ANSWERS

The image shows the letters 'Q&A' in a 3D, blocky font. The 'Q' and 'A' are red, while the ampersand '&' is grey. The letters are positioned centrally on a white background and cast a soft shadow below them.

Q&A



**Legend Financial Advisors, Inc.®**  
**5700 Corporate Drive, Suite 350**  
**Pittsburgh, PA 15237-5829**  
**Phone: (412) 635-9210**  
**E-mail: [legend@legend-financial.com](mailto:legend@legend-financial.com)**  
**[www.legacy-financial.com](http://www.legacy-financial.com)**



**EmergingWealth Investment**  
**Management, Inc.®**  
**5700 Corporate Drive, Suite 360**  
**Pittsburgh, PA 15237-5829**  
**Phone: (412) 548-1386**