

# Resolving clutter

## Use the new year as a good reason to clean out old papers and stuff

**BY ELLEN S. WILKOWE**  
**DAILY RECORD**

The holiday bills have made their debut, and your filing cabinet is bursting at the seams.

Filing cabinet? Right. Maybe all your records coexist happily in one big drawer or crate.

With the dead of winter upon us, take this time to turn those piles into files. Make a paperless statement and take your transactions online. The two-fold mission instantly increases space and helps the environment.

"As long as the institution can give you copies of statements on demand, I don't see the need to hang on to them," said personal organizer Carla Boissonault, founder and owner of Organized by Design in Morris Plains.

Aside from possible sentimental value, do you really need the rental contract from an apartment you lived in five years ago?

### Expunge those records

Car payment coupons from 2006. Credit card statements from 2004.

Consider them past due, as in having overstayed their welcome in your file system or bill pile.

"Credit card statements, if not tax related, don't need to be kept for more than a year or two unless you need proof of purchase for something like an appliance with a warranty," Boissonault said. "If you keep the original receipt with the warranty information, this will help there.

Tax-related records require retention for a maximum of four years, said Bernie Kiely, a certified public accountant and founder of Kiely Capital Management in Morristown.

"The statute of limitations for a tax audit is three years from the day you file," Kiely said.

Kiely also applies the four-year-retention rule to the following:

- Rental properties and homes: Keep proof of purchase and improvements during the period of ownership plus four years after sale.
- Stock and bond purchases: Keep purchase records for four or more years.
- Car payment records: Keep purchase records during duration of ownership.
- Credit card statements: If you canceled the card, retain the last set of statements for four years.
- Pay stubs: Retain until you receive W-2 forms for taxes, which show earnings for the year.
- Health insurance documents: If exempt from tax purposes and all claims are up-to-date, retain records pertinent to medical history.

"I would keep a permanent file for this or establish some kind of record keeping system to maintain this (medical) information," Boissonault said.

With identity thieves embracing the art of dumpster-diving, Kiely puts full faith in his industrial-sized office shredder.

"Any document with your Social Security number on it should be shredded," he said.

For complete peace of mind, shred all and forget all.

The cost of a paper shredder ranges from \$25 into the hundreds, depending on size, paper capacity and function -- such as destroying CDs, DVDs and credit cards.

Equally shred-worthy are those pesky credit card solicitations that make regular appearances in your mail box. Opt out and further protect your identity by calling (888) 5-OPTOUT or log onto [www.optoutprescreen.com](http://www.optoutprescreen.com).

So, you've shredded, trashed and sorted.

The finish line is almost in sight, and the last hurdle to overcome is organization, preferably with a foolproof user-friendly system that you will use consistently.

"That way you will continue to use it regularly," Boissonault said. "The next thing I am always telling my clients is to have a home for everything. Once a home is established, you will know where to put an item when you are done with it and know where to find it when you need it."

Designate a place to hang file folders such as a file cabinet, desk drawer or, for smaller portable files, even a kitchen cupboard or desktop.

Assign a folder for each category: Credit cards, utility bills, mortgages, etc.

When naming the folder, make sure it is something you will remember.

For easy reference, set up a quick index for the front of the files.

If you need several years for several categories, hang one file for each category and use a manila folder for each year. Once you have paid each bill, file it away.

Boissonault applauds pre-designed filing systems such as Freedom Filer and My Vital Files.

Paperless record keepers can easily apply the same organizational scenario to their computer desktop.

"Just remember to back up regularly," she said.

#### **On the Web**

[www.freedomfiler.com](http://www.freedomfiler.com)  
[www.myvitalfiles.com](http://www.myvitalfiles.com)  
[www.organizednj.com](http://www.organizednj.com)  
[www.kielycapital.com](http://www.kielycapital.com)

