

LOCATING IMPORTANT DOCUMENTS – THE ART OF PAPER-HOLDING

This is one of a series of Research Briefs created by Brinton Eaton to keep our clients informed about key developments — in financial planning, tax strategy, and investment management — that we research and implement as appropriate on your behalf.

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One of the more considerate things we can do for those we will inevitably leave behind is to make sure our key personal and financial documents are well organized, up-to-date, and easy for our loved ones to find. After a brief discussion of wills and other estate planning documents, we share some retention guidelines for these and your other important papers.

Estate Planning Documents

Few of us relish the idea of making out or updating our wills. Perhaps we would rather defer making difficult decisions, such as who to entrust with childcare, or managing investments, or administering trusts, or overseeing asset distribution. Or perhaps we are simply uncomfortable dealing with something that makes us so directly confront our own mortality.

Despite these reservations, if you do not have a will that was executed or reviewed in the past five years, you should have an estate planning review performed by a skilled professional. Brinton Eaton will do such a review as part of our overall client relationship at no additional cost. The actual drafting or redrafting of your will and other estate planning documents should be done by an experienced estate attorney (not your real estate attorney, your favorite cousin, or yourself, no matter how sophisticated your will-drafting software might be). We can refer you to an appropriate attorney (or several) if you do not know of one.

Some important questions to consider in the review:

- Have you changed your state of residence?
- Are all beneficiaries still deserving of your good intentions? If so, are appropriate safeguards in place to protect them against spendthrifts (including themselves)?
- Are all executors, administrators, trustees, custodians, etc. still living and able/willing to serve?
- Have all appropriate measures been taken to minimize federal estate taxes and any state estate and inheritance taxes? (Many estates small enough to escape federal taxation are caught by state tax laws with much smaller exemption amounts.) Are these provisions flexible enough to accommodate likely changes to the tax laws?

In addition to your will, other documents that you should execute at the same time are:

- Durable power of attorney — to designate someone to make decisions, particularly financial decisions, in your stead in case you are incapacitated.
- Advance health-care directive (“living will”) — to specify the medical treatment you do or do not wish carried out on yourself in certain situations, if you are not in a condition to express those desires directly when the time arises.
- Health-care proxy — to designate someone to be your health-care agent to ensure that your wishes are carried out after your physician declares you incapacitated.

Paperwork Retention Guidelines

The following table is based in large part on a similar table produced by *Consumer Reports*.

	Document	Where to keep	When to dispose of
Banking	Bank-deposit slips	Home	After you reconcile statements
	Canceled checks	Home	After one year; 7 years if needed to support tax filings
	Certificates of deposit	Home	After maturity
	Check registers	Home	After one year
	Check statements	Home	After one year
	Credit-card statements	Home	After one year; 7 years if needed to support tax filings
	Loan documents	Home	When repaid
	Loan-discharge notices	Safe-deposit box*	Never
Estate	Pay stubs	Home	When receive new one
	Health-care proxy	Safe-deposit box*, primary care physician, designee, attorney	When updated
	Living trust	Safe-deposit box*, successor trustee, attorney	When updated
	Living will	Safe-deposit box*, executor, attorney	When updated
	Power of attorney	Safe-deposit box*, designee, attorney	When updated
Insurance	Will	Safe-deposit box*, executor, attorney	When updated
	Annually renewed policies	Home	After renewal
	Insurance inventory	Safe-deposit box*	When updated
	Permanent life policies	Safe-deposit box*	Never
Investments	Term life policies	Safe-deposit box*	After term expires
	Brokerage statements	Home	When securities sold, then hold with tax return for 7 years
	Purchase confirmations and 1099s	Home	When securities sold, then hold with tax return for 7 years
	Savings bonds	Convert to electronic bonds at U.S. Treasury, or safe-deposit box with list of serial numbers at home	After maturity
Personal	Stock certificates	Broker	Should not be held
	Birth certificate	Safe-deposit box*	Never
	Death certificates	Safe-deposit box*	Never
	Marriage license	Safe-deposit box*	Never
	Military discharge papers	Safe-deposit box*	Never
Product Purchases	Social Security card	Safe-deposit box*	Never
	Car title	Safe-deposit box*	When car sold
	Receipts	Home	When warranty expires; after 7 years if needed to support tax filings
Retirement	Warranties	Home	After expiration
	Employer defined-benefit plan communications	Home	Never
	401(k) statements	Home	When receive new one
	Social Security statements	Home	When receive new one
Retirement	Personal state and federal tax returns and supporting documents	Home	After 7 years

* Make sure your executor (and/or the holder of your power of attorney) knows the location of your safe-deposit box key