

What should you shred? What should you keep?

By **Jamie Lober**
For Tax Time

As you get ready to do your taxes, you are probably going through piles of papers, wondering what you should save and what you should discard.

It is normal to be unsure of how long you should hold onto papers and to have a whole host of questions for your accountant.

“Once it is determined what can be discarded, the next challenge is whether to trash, recycle or shred,” said Suzy Wilkoff, professional organizer with Tasks Unlimited.

Protecting personal information from identity fraud should be a top priority.

“Anything with your address, social security number and/or account numbers should be shredded,” said Wilkoff.

Nobody feels like sitting and shredding papers but the consequences of someone stealing your secret information is much more time-consuming and detrimental.

“I suggest you do it in small increments of time, so if you watch television in the evenings, put your shredder near your favorite easy chair and shred during the commercials,” said Wilkoff.

Try to avoid papers piling up so you will have more to shred at a time. You do not need a fancy or expensive shredder.

“A moderately priced shredder that accepts six sheets of paper and also has a slot for shredding credit cards is adequate,” said Wilkoff.

The shredder that is best for you is determined by your needs.

“Businesses, depending upon amount of paper flow, require more high tech shredders,” said Wilkoff.

There are also shredding companies that come to your home and shred on-site or take your papers to their facilities to tear up.

“If going that route, be sure to ask for a certificate of destruction upon completion,” said Wilkoff.

Have a plan for how you will maintain and keep records of your expenses.

“Using different credit cards and checking accounts so business expenses are maintained separately will save time and headaches at tax time,” said Wilkoff.

If you use the same credit card for all expenses, make sure that you highlight the business expenses on the monthly bill so you can differentiate the two.

“Use Quickbooks or Quicken for easy delineation of expense categories,” said Wilkoff.

Understand the basic rules of operating a business by reading up online or meeting with an advisor.

“No receipt is needed for business expenses under \$75 as long as you document who and what the expenditure was for and when and where you incurred it,” said Wilkoff.

Do not be afraid to ask questions of a professional.

“Contact your certified public accountant or tax professional to obtain advice on the format they prefer for submission of your financial information for income tax preparation,” said Wilkoff.

Have a strategy for opening



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mail that arrives on a daily basis as well.

The easiest is to deal with things as they come so it becomes part of your routine.

“Immediately trash junk mail and shred if appropriate,” said Wilkoff. It is a good idea to have a to file folder and designate a time where you will place papers appropriately each week.

Organize.

“All bills to pay should be kept together and once the bill is paid, write the date and check number on it and file it,” said Wilkoff.

If you pay bills online, keep electronic records of your transac-

tions. Obviously it is necessary to purge papers from time to time.

“After developing a customized, user-friendly filing system, I encourage my clients to review the contents and discard unneeded documents semi-annually or at the very least annually,” said Wilkoff.

Know what to save.

“Hold onto receipts for expensive items and/or anything under warranty or covered by insurance,” said Wilkoff.

Managing papers can be tough.

“Install a vertical sorter that is graduated from front to back,” said Wilkoff.

This way the files are easier to

view.

“The categories I recommend are to file, to read, to pay and to attend,” said Wilkoff.

The to attend folder is for invitations and upcoming events that you may have logged on your calendar but that you still want to save because there is relevant information on them.

“By keeping the sorter on your desk in full view it is a constant reminder to stay on top of your paperwork,” said Wilkoff.

Now that you have a plan and feel motivated, you have your best attitude as you confront this tax season.



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