

March 2018 Newsletter

13 Smart Ways to Spring Clean Your Finances

Get your financial house in order. Here's how to pare, organize and shred your piles of documents. It's easy, smart and cathartic.

By: Marilyn Lewis | moneytalksnews.com Published: March 14, 2017

Spring, with new life popping up everywhere, is the source of many an impulse to start afresh. Spring cleaning is a longstanding tradition. Why not adapt it to the mess of files and financial records — paper and virtual — that pile up in our lives?

Here's how to get going:

1. Set a goal A project like spring cleaning can eat you alive, unless you set some limits. Choose a manageable task and stick to that one job. You can always return to do more next week or next year. Here are a few ideas to get you thinking:

- Clear out two years' worth of old tax documents.
- Sort through one or two boxes of old papers or file cabinet drawers.
- Clean out the closet that's stuffed with old papers.

2. Know how long to keep paperwork Don't get carried away and toss absolutely everything. Here's what to keep, and for how long:

Copies of your tax returns: Keep these forever. "They help in preparing future tax returns and making computations if you file an amended return," the IRS says. Also, old tax returns offer proof, should you ever need it, that you filed taxes in those years.

Supporting tax documents and receipts: The IRS recommends that you keep supporting documents for as long as you can be audited or held responsible for the filings. Here are a few rules of thumb:

- The IRS says that it generally audits taxes back three years, although it could look back as far as six years or even further if it finds a "substantial error," so keep records supporting deductions for six years after the return was due or filed.
- Keep payroll tax records for six years.
- If you failed to report income worth more than 25 percent of the gross amount you reported, you're liable to the IRS for six years.

Documents to support an insurance claim: To help substantiate a claim should you ever need to make one, ask your home-, rental- or auto-insurance companies or agents which documents you should keep and how long to hold them.



3. Discard papers if you have stored electronic copies Before tossing documents, check with banks and financial services companies, including your 401(k) provider, to learn how long they retain electronic copies of your records.

4. Back up Download electronic copies of bank and insurance records and other important documents to your computer and back them up onto a separate hard drive or cloud storage. Do this annually (a good time to do it is when you are preparing your tax return), as banks, credit card companies and other businesses tend to cut off electronic access after a year or 18 months.

5. Back up your backups It's smart to have backups for your backups. Use a second hard drive or buy a subscription to an always-on backup service that constantly copies your entire computer's contents to a secure cloud storage for a minimal fee.

IRA & Roth IRA Contributions



For the 2017 and 2018 tax years, the maximum contribution you can make to a traditional or Roth IRA is

\$5,500. This applies if you're under the age of 50. If you're over the age of 50, you may contribute up to \$6,500. You can no longer make regular contributions to a traditional IRA beginning with the year you turn 70-1/2. But you can continue to make regular contributions to a Roth IRA and rollover contributions to a traditional IRA (or a Roth IRA) for as long as you live.

If you have not already filed your taxes, you have until tax day to make a contribution into your IRA for 2017. To ensure credit for the contribution, we need to have the check in our office no later than **Friday, April 13, 2017**; otherwise, we can't guarantee that even with overnight mail it will arrive in time.

Please call the office at 508.673.3300 with questions or concerns about making a contribution to your 2017 IRA or to make an appointment to open one for 2018.

6. Decide: Toss or keep? Toss instruction manuals for things you no longer own, utility bills, receipts, reconciled bank statements, canceled checks, old newspapers and correspondence unless it's really precious.

After refinancing your mortgage you can get rid of most of the paperwork. However, keep one entire set of closing documents from your last refinance. Otherwise, "you only need to keep the closing summary that documents your costs and the paid-in-full letter from the old mortgage," says Consumer Reports.



7. Buy a scanner and use it daily Get into the practice of scanning and then shredding documents you want to retain. Organize your computer files so you can easily drop them into the right folders.

8. Don't toss it, shred it Don't risk identity theft by throwing personal documents into the trash. If you don't have a shredder, or if yours isn't powerful, safe or easy to use, buy a new crosscut (for best security) shredder. Few people are willing to shred years' worth of documents at home. But if you are one of them, give your shredder frequent rests to prevent overheating and oil the cutting mechanism often or use shredder lubrication sheets. Read the manufacturer's instructions before testing your shredder's limits.

9. Consider a shredding service If you've got lots to shred, find a service you trust. Call first to learn if you can watch (for your own security) as the shredding is done and whether you can take the shredded paper home if you wish.

10. Make an insurance inventory Renters and homeowners alike benefit from creating an inventory of possessions. Technology makes the job fairly simple:

- Use your smart phone (or borrow your friend's or your kid's) to photograph every possession in your home for which you'd want to make an insurance claim if it was stolen or damaged. Even simpler, take a video, walking through the home as you point out items and describe their value.
- Document room by room. Include the home itself, inside and out, vehicles, car accessories and interior furnishings, sports equipment, outdoor furniture, toys and structures.
- Record the rough amount you paid for each item and, if possible, when you purchased it. Write it on the back of each photo or connect the information with the photos on your computer.
- Starting now, photograph new possessions as you obtain them. Save their receipts with your inventory.

11. Scrutinize your bank accounts Take a yearly look at your bank accounts. If you have too many, close the inactive ones. Shred unused checks and registers from old accounts.

12. Shop for new bank accounts There's no excuse for paying fees when you can find free checking.

13. Make a new habit Here's a simple daily routine that prevents mail from piling up. You'll need:

- A letter opener or serrated butter knife
- A basket for paper recycling
- A shredder
- A box or bag near your shredder for papers to be shredded
- When you've picked up your mail from the mailbox, go directly to a table or counter and slice open each envelope, separating the material into three piles:
 - Bills and documents to pay, act on or file.
 - Papers to shred (anything containing your name, address, account number or other identifying information). Some experts advise shredding anything that has writing on it.
 - Papers with no identifying information (to recycle)
 - Toss the recyclables into their basket, shred paid bills and papers with identifying information or put them next to the shredder. Act on the items in the remaining pile.

BECOME A SELECT CLUB MEMBER

Our success comes from referrals from our valued clients, please consider sharing us with your family and friends.

Becoming a *Select Club Member* is as easy as providing a referral that results in a client meeting. The first referral initiates your membership and each additional referral in 2018 that results in a client meeting will be an entry into the *Select Club* quarterly drawing.

Tidbits about March

The name March comes from the Roman god of war, Mars. For many years, March, being the start of spring, was also the start of the New Year. Much of Europe used March as the start of the year. Britain used March 25th as the beginning of the New Year until 1752.

- It is the first month of Spring which begins between March 19-21.
- In the Southern Hemisphere, March is the same as September in the Northern Hemisphere.
- Each year March and June end on the same day of the week.
- It is the time of year when animals start to wake up from hibernation.

Birthstone: Aquamarine and Bloodstone
Flower: Daffodil
Zodiac signs: Pisces and Aries



Contact the office
at 508.673.3300 or
speak with your
advisor for details.