

# Reducing The Piles

By Ramona Creel

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At work, at home, no matter who you are or what you do -- we are all bombarded with paper. Some days, as I sort through my mail, I'm amazed that we have any trees left on this planet at all! Junk mail, bills, magazines, newspapers, memos, reports -- it's endless. And, it's stressful! I think that we have developed a new fear in our society -- PAPERPHOBIA -- the fear of having to deal with that stack that's been sitting there for a week.

So what do you do to regain control over your environment and your sanity? Remember that the first rule of organizing -- "the less you have, the easier it is to organize." The paperless society is still a long way off -- I can't guarantee that you will ever be able to eliminate paper from your life completely. But you don't have to be a victim of paper anymore. By following these few simple steps, you can permanently reduce your stacks and piles.

## HOW LONG DO I HAVE TO KEEP IT?

Let's start by going through your old files and doing some purging. You could always work off of the philosophy that "if you don't have a good reason for keeping it, get rid of it" -- but what counts as a good reason? A lot of folks are afraid to ever throw document away because they might need it again someday. I always suggest that my clients ask themselves some basic questions about why they are keeping their paper:

- Is the information RELEVANT to my life, personal interests, or job?
- Has this information become outdated? Can I find a more CURRENT document?
- How easy would it be to REPLACE this if I needed the information later?
- What is the WORST THING that could happen if I got rid of it?

That last question leads us to the subject of purging financial and legal records. This is a sensitive (and somewhat scary) issue, because there could actually be some harsh consequences if you throw something out too soon. We have actually seen the rise of an entirely new field of study -- records management -- dedicated to helping people understand how long they have to keep certain documents. And based on the information gathered by this industry, we have compiled standard schedule for purging your files. But please understand that this is a complicated issue, and that each situation is unique. Many professions set their own legal guidelines for records retention, you may have some unusual or extenuating circumstance in your life -- and you should check with your

accountant or attorney before pitching out any important legal, business, or financial paperwork.

## BUSINESS RECORDS RETENTION GUIDELINES

You must keep the following documents FOREVER (yes, forever!):

- income tax returns
- income tax payment checks
- annual financial statements and books of account
- corporate documents (incorporation, charter, constitution, by laws, minutes)
- stock records
- retirement and pension records
- licenses, patents, trademarks, and registration applications
- investment trade confirmations and statements that indicate buying and selling
- documents substantiating fixed asset additions
- important correspondence
- legal documents
- CPA audit reports

Hold onto this paperwork for SIX YEARS:

- bank reconciliations and voided checks
- canceled payroll and dividend checks
- personnel and payroll records
- purchase records
- sales records
- travel & entertainment records
- supporting documents for tax returns
- property records / builder contracts / improvement receipts (if tax related)
- sales receipts (if tax-related)
- utility records (if tax-related)
- other bills (if tax-related)

- vendor invoices

Keep these records for THREE YEARS:

- monthly financial statements (for internal purposes)
- credit card statements
- utility records (for internal use)
- employment applications
- expired insurance policies

#### PERSONAL RECORDS RETENTION GUIDELINES

You should keep the following documents INDEFINITELY (forever!):

- income tax returns
- income tax payment checks
- investment trade confirmations and statements that indicate buying and selling
- important correspondence
- legal documents
- retirement and pension records
- CPA audit reports

Hang onto these records for SIX YEARS:

- supporting documents for tax returns
- accident reports and claims
- medical bills (if tax-related)
- property records / builder contracts / improvement receipts (if tax-related)
- sales receipts (if tax-related)
- utility records (if tax-related)
- other bills (if tax-related)
- settled accident claims

Keep this paperwork for THREE YEARS:

- credit card statements
- medical bills (in case of insurance disputes)
- utility records (for internal use)
- expired insurance policies

## SPECIAL CIRCUMSTANCES

You should retain these records according to the following guidelines:

- car records (keep until the car is sold)
- credit card receipts (keep until they have been verified on your credit card statement)
- insurance policies (keep for the for life of policy)
- mortgages / deeds/ leases (keep for 6 years beyond the life of agreement)
- pay stubs (keep until they have been reconciled with your w-2)
- property records / builder contracts / improvement receipts (keep until property sold)
- sales receipts (keep for the life of warranty or the life of the item on large purchases)
- stock and bond records (keep for 6 years beyond selling)
- warranties and instructions (keep for the life of product)
- other bills (until the payment is verified on the next bill)

## SAFELY DISPOSING OF PAPER

Just because you cleaned it out, does not mean that it goes in the trash! Did you realize that once you put anything out in the garbage, it becomes public property? And reports of IDENTITY THEFT are increasing every day. What is identity theft? That's when someone else gains access to your personal records -- social security number, tax id, drivers license number, address, bank account information -- and pretends to be you. Using your identifying information, this person can take out loans, run up credit card bills, and run up a tremendous amount of debt -- all in your name. And most times, you never know until you get the collection letter. It can take years to clear up the legal and financial problems this causes you, and it can temporarily ruin your credit.

So to protect yourself from this threat, be sure to dispose of your important records properly. Any piece of paper that contains account numbers, your social security number, or any other sensitive information should be SHREDDED. If you only have a small amount of paper to shred, consider visiting your local office supply store to pick up a personal shredder -- they run as little as \$20 these days. If you generate a large quantity of "shredable" paper, or just don't want to sit there feeding in one page at a time, think about using a mobile shredding service. These companies will come to your home or office and shred your documents on-site for a fee. Just be sure that you choose a reputable company that provides you with a certificate or letter guaranteeing that your paper has been shredded unrecognizable.

## HEADING IT OFF AT THE PASS

Now that you've cleaned out all of the old paper, your next goal is to keep from accumulating so much of it in the future. You may not realize it, but we receive approximately 1,500 to 1,800 pieces of junk mail each year -- solicitations, flyers, sales letters, and other unnecessary bits of clutter. You may think that you have no control over the mountains of unwanted paper that come to your home or office, but you're wrong. You can request to have your name removed from the mailing lists that solicitors buy -- effectively cutting off up to 75% of the junk mail that enters your life. Contact one of the following organizations:

- DMA Mail preference service (PO Box 9008 / Farmingdale, NY 11735-9008)
- Stop Junk mail Association (800-827-5549)
- Private Citizen (800-cut-junk)
- Haines & Co. / Criss-Cross Directory (8050 Freedom Pkwy. NW / N. Canton, OH 44720)
- Consumer Research Institute / Stop The Junk Mail Kit (PO Box 612 / Ithaca, NY 14851)

## WELCOME TO THE DIGITAL AGE

Okay, so we've reduced the amount of paper you receive from other people -- what do you do with the rest of it? Storing paper documents can take up a lot of space -- and retrieving them is quite time consuming. Have you ever thought about getting rid of the hard copy? I don't mean tossing out documents you don't need -- I'm talking about scanning the ones that you want to keep and storing them on your computer.

Certainly, you will need to keep hard copies of some documents -- contracts, legal papers, and anything where you have to show an original signature. But just think about all the things you keep that don't require the original -- copies of articles, reference items, reports, some correspondence, maybe even client records. Not to mention the fact that scanners and document imaging software have become ridiculously cheap these days -- well under \$100 for a good machine. And you can store 100 times more paper on a disk or CD-ROM than you can in a file drawer. Just make sure that you keep a BACKUP COPY of anything important in a fire safe or safe deposit box.

You must include the following resource box when publishing this article:

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