



TIDYING UP FINANCIAL CLUTTER



Start the new year by organizing your important documents and parting with old statements, tax returns, and utility bills.

It's the beginning of a new year, and a new opportunity to get organized for a more productive and beneficial 2021. Here are some simple steps to get started.

1. Say goodbye

Many people don't equate holding onto financial paperwork with untidiness. We think it's important and we'll need at some point. But, truthfully, most of it isn't really worth keeping. If anything, it may be costing you time (looking through all your files) and money (if late bills and fees incur because of forgotten envelopes in a pile). Learn to say goodbye and discard unnecessary items. Say farewell to ATM receipts after checking your bank statement. When a bill payment clears or you decide to hang onto a purchase, it's time to part ways with statements or sales receipts, too. Unless it's needed at tax time (keep those items for at least three years if used for a deduction), as proof of value for insurance in the event of loss or damage, or for a warranty, it's probably time to get rid of it once it's been used.

2. Learn what to keep.

Items to hang onto and for how long:

ITEMS TO KEEP	WHEN TO TOSS
Medical bills	Once the claim has been paid, you don't need these any longer, unless you're deducting the medical expense on your annual tax return. Then follow IRS guidelines for keeping these documents.
Utility bills	Typically, you could dispose of these after your bill has been paid. If you anticipate selling your home, hang onto the last year's worth to help potential homeowners.
Documentation of major loans and insurance policies	Keep these along with all of your important identification papers (birth certificates, marriage license, Social Security cards, passports, etc.) in a secure spot, such as a safe deposit box at your local bank or a firebox at home. Keep payoff statements forever.
Annual tax returns and supporting documents	Keep the most recent three years. You can be audited for up to seven by the IRS (see irs.gov for additional information).
Paystubs	Keep these until you've received your annual W-2 form.
Property records that show improvements to your home	These can be used when selling a home to offset capital gains when the property is eventually sold. Keep until the house is put up for sale.
Bank statements	Keep these for one year.
Investment documents	Keep all capital gains tax reports for three years.

3. Make a shredder your best friend

Invest in a quality paper shredder, or get the okay to use one at the office. Shredding is key when getting rid of old documents. If it's going away, it needs to be shredded to prevent anyone from acquiring any personal information about you. Recycle anything that's left.

For the important things that remain, develop an easy-to-follow filing system that you'll actually use. Invest in colored folders with tabs and a label maker if you don't already own them. Categorize, label, and keep them in a drawer or filing cabinet.

4. Switch to digital

Going digital with your statements and paychecks can help solve a lot of problems. Almost every bank, credit card company, investment company, and employers now offer a paper-free option. Take them up on this, and switch to paperless delivery. Surprisingly, just 12 to 15 percent of bills and statements are electronic. Although opting in to e-delivery helps prevent additional physical clutter, you may still have a large file, but it will be on your computer. So, employ the same thinking as with your desk. Keep it clean and organized, and regularly go through your emails and purge the ones that are no longer relevant.

5. Get started now

Make upkeep a normal routine. Prepare to get in the mindset for firing up that shredder. The longer you wait to tackle that mess, the bigger that mountain of paper will grow. Having your own organizing consultant can help in the undertaking. Luckily, you have one already. Talk with your Advisor about other methods of dealing with your financial clutter. Together, you can develop a strategy of what you should hang on to and what you can part with forever.

Wagner Wealth Management is located at 3 Legacy Park Rd., Suite A, in Hollingsworth Park. Call us at 864-236-4706, or visit www.wagnerwealthmanagement.com to learn more about our firm.

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