



SPRING CLEAN YOUR PAPERWORK

AND REDUCE IDENTITY THEFT

Are you a paperwork pack rat or a minimalist who keeps nothing? Most of us are somewhere in between. The spring cleaning phenomenon is designed for us! Once a year, when the earth is renewing itself, we can focus our efforts on cleaning out our files while making sure we're keeping the paperwork we need. Whether you keep important documents on paper or strictly adhere to electronic files, very few of the cleaning gurus talk about which files should be retained and which should be destroyed, or when. Many of us keep documents much longer than needed, or toss out things we should be storing. And these documents often contain a lot of personal and financial information that any self-respecting identity (ID) thief would love to steal. But how do you know what to keep and what to toss? And how should items you keep be stored, and those you toss be destroyed, to reduce your risk of identity theft?

ID theft is real. Maintained by the Federal Trade Commission, the Consumer Sentinel Network records fraud and identity theft complaints filed with

federal, state, and local law enforcement agencies, as well as private organizations. During 2018, more than 444,600 identity theft complaints were filed in the U.S. That's an increase of 19.8 percent from 2017 (Insurance Information Institute, 2019). According to the same source, credit card fraud using another person's ID to make new accounts represented 40.5 percent of all identity theft in 2018, followed by tax fraud, new mobile phone accounts, fraud with existing credit card accounts, and fraud using someone else's ID for health benefits, emailing, online shopping, and insurance and securities account fraud. Avoid becoming a part of these statistics by tracking and categorizing your documents.

Document Categories

Just like you might have a keep, toss, donate, and recycle system set up for cleaning out your closet, you should have a system set up for sorting through documents. However, it's best to arrange your documents by how long you need to hold on to them.

The first category is for those documents that you will keep indefinitely. In simple terms, you will keep these documents **forever**. Next are those you will keep for a really long time, until you no longer own a piece of property, for example. These will be labeled as **long term**. Next, there are documents that you will keep for seven **to ten years**, followed by those you will hold on to for **three to seven years**. Another category is for **temporary** documents that you will keep until you have completed using them. Finally, there are those that you may feel free to **shred**.

You may notice that there is one category that is missing: **toss**. Documents should never just be thrown away. They need to be discarded thoughtfully. A good ID thief would have a heyday in a garbage can or dumpster with important documents that were casually discarded. Some of the documents that you shred may actually have little value by themselves, but ID thieves are tricky criminals. They use each and every piece of information that they are able to obtain to build a complete identity. They might find one piece online, another through a scam, yet another through a data breach, and a final piece in your trash. Why make it easy for the thieves by giving them anything?

These categories are general suggestions that work well for most people. However, if your attorney, financial planner, tax preparer, or other professional makes a different recommendation: listen to her or him. That person knows your particular needs and what actual documents you have and need. What's most important is making sure that critical documents are stored properly.

WHAT ARE ID THIEVES AFTER?

The types of items identity thieves seek include:

- Expired credit and debit cards
- Credit and debit card receipts
- Unused credit card checks
- Credit card statements
- Pre-approved credit card offers and applications
- Checking and savings account statements
- Canceled checks
- Investment account statements
- Pension account statements
- Paycheck stubs
- Wage and earnings statements
- Phone and utility bills
- Retail invoices and statements
- Tax returns and statements
- Medical bills
- Insurance claim information
- Insurance policy information (auto, health, life)
- Expired identification documents (driver's licenses and passports)

From <http://www.identitytheft.info/shredding.aspx>

Forever. Let's begin with those documents that you will want to keep safe over your lifetime. These include documents that mark life events. Birth certificates, Social Security cards, marriage or divorce decrees, citizenship or immigration paperwork, adoption papers, death certificates, and similar items should be kept in this forever file. Some people will also add tax

returns and related paperwork to this category (more on tax paperwork later).

Long Term. This is where to store documents that you will keep for a long time, usually until the relevant item is sold or situation ended, but not necessarily the rest of your life. Documents in this category are important to keep as long as they relate to you and your life, or are legally necessary. These include: auto titles, auto repair receipts, home deeds, select medical bills and records, Powers of Attorney (POAs), and home improvement or repair receipts. This category will also include any documents related to investments, retirement accounts, bank and/or credit accounts, loans and other financial documents, and again, any tax-related documents (see sidebar for specific recommendations). These documents should be maintained as long as you own the property or vehicle, or as long as the account is open and active. This category might also include your current will, advance directives, any durable, general, or medical power of attorney (POA) documents, and do not resuscitate orders. Documents relating to your estate should be kept as long as they are relevant. Some people like to keep documents that show a POA has been revoked or ended. It is important to seek out the advice of your attorney when deciding how to handle legal documents related to your estate, medical care, and end-of-life decision making.

Seven to ten years. There seems to be general agreement that you should save your tax returns and all related tax documents (receipts, cancelled checks, W-2 forms, tax deduction paperwork, charitable donation receipts, etc.) for a minimum of 7 to 10 years to be on the safe side.

According to the Internal Revenue Service (2019), the following limits apply:

1. Keep records for three years if situations (4), (5), and (6) below do not apply to you.
2. Keep records for three years from the date you filed your original return or two years from the date you paid the tax, whichever is later, if you file a claim for credit or refund after you file your return.
3. Keep records for seven years if you file a claim for a loss from worthless securities or bad debt deduction.
4. Keep records for six years if you do not report income that you should report, and it is more than 25 percent of the gross income shown on your return.

SPRINGTIME SCAM REMINDER

It is spring, and in addition to spring cleaning, your thoughts might turn to home repairs. Cleaning out the gutters, landscaping, repairing the roof, even a minor remodel might sound very appealing as the weather turns warmer. Home repair scams are plentiful, especially in the spring or following a natural disaster. There are things to think about before you allow anyone into your home, or begin working with someone claiming to be a handyman or home repair contractor.

First, and most importantly, check them out. Insist on references, check with the local Better Business Bureau and Chamber of Commerce, ask to see operating licenses and permits, contact the Secretary of State in your community and verify that they are a business in good standing.

Make sure that you insist on a written bid that lists everything that they plan to purchase, repair, or build. Compare several bids to see if any of them stand out as being a bit too good to be true. Don't trust anyone who comes to your door and offers to do a job for you with leftover materials from another job. Be wary of contractors with out-of-state vehicle tags. Don't trust contractors who say that they can arrange financing for you. Don't pay up front. A small deposit is okay, but any more than one third of the total cost should be a red flag. Require the contractor to obtain mechanic's lien waivers from all of the suppliers and subcontractors, and insist on getting copies of those for your records.

Finally, even if the repair is not covered by your homeowner's insurance, call your insurance agent and ask if the company you are considering is one the insurance company would use. Review the bid with your agent and ask if it seems reasonable. Your state attorney general (AG) might have information about laws and protections specific to your state. Check out the AG's website or call the consumer protection unit at your local AG's Office.

5. Keep records indefinitely if you do not file a return.
6. Keep records indefinitely if someone files a fraudulent return in your name.
7. Keep employment tax records for at least four years after the date that the tax becomes due or is paid, whichever is later.

Three to seven years. This category might include things like pay stubs, bank statements, medical bills, and credit card statements. It might also include short-term warranties for appliances and auto parts, or similar items.

Temporary. This is a “working file” that includes things you might need in the short term, but will not need to retain. These might be things like receipts for items that you will possibly want to return, restaurant and other receipts to check your account was correctly debited, and the like.

Shred. It may sound extreme, but anything you plan to throw away that has ANY personal or financial information on it should be shredded. Any information may be added to what an ID thief already has or will obtain elsewhere to create a complete identity. Thieves will often use various means to get information, and then compile that information to create a more complete identity. Something that you might think of as unimportant, like an address or a receipt with the last few digits of your credit card number, can be used to add to information obtained in other ways to form a full identity that may be worth quite a bit to an ID thief.

Shredding is vital because an ID thief can take information most of us think of as trash and ruin our lives. Even things such as envelopes that indicate where you bank, who your medical provider is, or which company services your mortgage or your retirement account can be used by a thief to gather more information about you (Identity Theft Info., n.d.).

Purchasing a shredder is a good investment, and an inexpensive one at that. According to Document Snap and ID thief-turned-educator Frank Abagnale, the best kind of shredder to purchase is a micro-cut shredder that runs about \$100. This kind of shredder will cut your documents into confetti-like pieces of paper. Even the best ID thief would have a difficult time making anything out of a pile of confetti.

You can also take advantage of office businesses, such as Staples and Office Max, that offer free shredding. Real estate title companies and churches sometimes offer the service. One caveat: never give your

papers over to someone to shred, but make sure you are there watching while they are destroyed.

Storage. Now that you have sorted out all of those papers and documents, and have decided what to keep, how will you keep it all safe? Storing everything on your computer is not a good plan. While it is convenient to have scanned copies of everything available at the click of a mouse, it is also dangerous. All it takes is a crafty scammer gaining remote access to the computer, a burglar stealing the computer, or a hacker finding a way into your computer to make all of those critical documents available to the ID thieves!

If you or a client have their documents in electronic form, we recommend storing all of those documents on something like a flash drive. It is always good to have a backup copy on another flash drive. These should then be locked in a safe place, such as a safety deposit box or a secured safe. Paper copies should be treated carefully as well. They should remain locked up either in a safe location at home, or in a safety deposit box. If you live in an area of the country that requires frequent evacuations due to weather or fire danger, storing these items in a portable locked container that you may easily take with you, or in a bank's safety deposit box, is wise.

An exception to this is your advanced medical directives, especially a do not resuscitate order. A copy of these should be given to medical professionals, your estate planner, and to the person who has been named as the agent in a medical power of attorney (Combs, 2013).

In addition, it is wise for people to have a copy of this document in their home and another to carry with them in case of emergency. Other people in the household should know where these documents are kept in the event of a medical emergency that requires an ambulance or other transportation to an emergency room. Many emergency medical technicians will check the refrigerator and medicine cabinets in a home if the person they are assisting is not able to speak. If your community participates in the Vial of L.I.F.E. Project (n.d.), you can get a kit and store medical information in your refrigerator. A magnet on the outside alerts emergency responders that it is inside. This is a discussion that people should have with their family, their medical professionals, an attorney, and any other professionals assisting them.

Inform Clients

Just a reminder: Scam artists come in all shapes and sizes. Some may pose as professionals who will help organize your home and documents. They could also pose as someone who does document shredding.

When assisting older adults in using these services, it is very important to help them check out the person or company before allowing them into their home. Even if people hauling the trash to the shredder don't enter the home, they are still going to have access to personal information.

As the professional assisting older adults with life skills, discussing the importance of having all of their paperwork and documents in order could be a vital and supportive activity. Going through all of that paperwork will no doubt bring up many wonderful stories and memories. What a great opportunity to connect with the older adults. Not only will they feel relieved to have everything organized, but they will also know that they have taken steps to reduce the risk of being a victim of identity theft.

So this spring, when you think about cleaning, don't forget to consider cleaning up documents and getting them in order. But first, go get that shredder! •CSA

Hazel Heckers coordinates the Victim Assistance Program at the Colorado Bureau of Investigation where she provides direct services and support to crime victims. She also coordinates community education and professional training across the state and on a national basis. Hazel established the first 24-hour ID theft and fraud hotline in the nation and was in the forefront in bringing the issues of medical ID theft, child ID theft, family violence and ID theft, and disaster response-related ID theft and fraud to light. Hazel is the 2014 recipient of the U.S. Department of Justice National Crime Victim Service Award. Previous honors include an Excellence in Service Award from National TRIAD, Woman of the Year from Domestic Violence Initiatives, Excellence in Service Award from the State Department of Human Services, and Excellence in Service and Team Excellence Awards from the Colorado Bureau of Investigation.

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Shredding

Are you wondering what to keep and what to shred? We looked at experts' advice and compiled this summary of how long they recommend keeping certain documents.



When should I shred it?

Immediately

Sales receipts
ATM receipts
Paid credit card statements
Paid utility bills
Credit offers
Cancelled checks (that are not tax-related)
Expired warranties

Up to 1 year

Pay stubs
Bank statements
Paid, undisputed medical bills

After 7 years

Tax-related receipts
Tax-related cancelled checks
W-2s
Records for tax deductions taken

It depends...

Auto titles
Keep as long as you own the vehicle

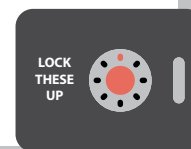
Home deeds
Keep as long as you own the property

Disputed medical bills
Keep until the issue is resolved

Home improvement receipts
Keep until you sell your home and pay any capital gains taxes

Keep Forever

Birth certificates
Social Security cards
Marriage or divorce decrees
Citizenship papers
Adoption papers
Death certificates
Tax returns



Federal Trade Commission | FTC.gov
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