

Why, What, and When to Shred Documents?

Sometimes, to avoid clutter at home or work, we create piles of mail or documents hoping to organize them later. Even worse, to get a handle on cleaning our desks and counters, we even consider throwing everything in a wastebasket just to avoid having to go through each piece. If you're storing things digitally, you can retain much more than any filing cabinet could hold, making it easy to take a more liberal approach to what you save.

Why Shred?

"Dumpster diving," or rifling through trash cans for personal information, is a tactic used by identity thieves to get their hands on documents they can use to impersonate someone. As much as you may want to get rid of items, throwing away materials that have information about you or your family creates a cause for concern. By shredding sensitive materials, you reduce the risk of identity theft.

To destroy all sensitive information, invest in a shredder for your home or office, preferably one that "cross-cuts" (i.e., slices in two directions) or a strip-cut shredder. You can also consider contacting a trusted business in your community and ask if you can use their shredder. If your shredder can't handle plastic, use scissors to cut up expired credit and identification cards before discarding them. Remember that if you opt into receiving materials electronically, you not only help the environment by reducing paper use, you also reduce the risk of someone rummaging through your discarded hard-copy documents.

What to Destroy?

What constitutes "sensitive information?" In general, you should shred documents that contain any of the following:

- Social security number
- Any account number or credit or debit card number (with or without any required security code)
- Access code, PIN, or password that would permit access to an individual's account
- Date of birth
- Any information related to a financial account, including type of account, suitability information, holdings, and financial advice
- Driver's license number or state-issued identification card number
- Any medical-related information
- Signatures



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To protect your privacy, you should also consider shredding items that include:

- Names
- Addresses
- Phone numbers
- Email addresses

Digitally Stored Document Issues

When it comes to the digital storage of documents, the concept of “shredding” becomes more nuanced. Because there is far more space to digitally save documents, there isn’t necessarily as much urgency to purge documents. If any electronically stored materials contain sensitive information, however, it’s critical that appropriate technological steps (e.g., virus software, password protection) are taken to secure the files from unwanted intruders. If you decide that certain files should no longer exist, ensure that those files are permanently deleted and copies are properly stored.

When to Destroy?

It’s easy to be confused about which records to keep and which to destroy. Whether your files are physical or electronic, the same principles and time frames for record retention apply. Here are some guidelines for determining how long to keep records:

Type of Documents	Time Frame for Retention	
Tax Records	7 years	The IRS has three years to audit your return if the agency suspects you made a mistake and up to six years if you likely underreported your gross income by 25 percent or more. If you failed to file a return for any year, keep records indefinitely.
Pay Stubs	1 year	Compare them to your W-2 form, and then shred.
Bank Statements/Credit Card Statements	1 year	Hold onto records related to your taxes, business expenses, home improvements, mortgage payments, or any major purchases for as long as you need them. A better option would be to opt into receiving your statements online instead of receiving them in the mail.
Medical Records	1 year depending on the material	Medical bills can be kept for one year. Keep records regarding prescription information, medical histories, or contact information for your physician
Insurance Records	Varies	Keep policy information for the life of the policy plus an additional five years.
Utility and Phone Bills	Immediately after payment	Shred after you’ve paid them unless they contain tax-deductible expenses.
IRA Contributions	Until you withdraw the money	Quarterly statements can be destroyed as soon as you match them with your yearly statement.
Home Purchase/Sale	Until 6 years after you sell	
Warranties	When expired	

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