



# RFC FINANCIAL PLANNERS

*Organize. Simplify. Plan.*



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## *Planning Points*

*Quarterly Newsletter*

**May 19, 2010**

### **OUR THOUGHTS:**

This spring, as you're cleaning up and sprucing up your surroundings, don't forget to clean up your financial records. While it is tempting to either throw away everything or keep everything, neither of those options is particularly beneficial. Many people are afraid to throw things away because of possible tax audits, or because of fears of identity theft. Don't let either of those possibilities bury you in unnecessary or unorganized paperwork.

To help you decide what to keep and what to toss, we have put together a quick checklist. Please note that this is just a guideline, and we encourage you to speak with your accountant to determine what is most appropriate for your particular situation.

### **SHORT TERM KEEPERS**

Bank Statements - Keep the most recent one

Brokerage Statements – Keep records of your buy/sell confirmations

Investment Confirmations – Keep all purchase security confirmations to match with the sold confirmations for income tax reporting.

Retirement Accounts/401k Statements – Keep the annual and most recent quarterly statements.

Monthly Bills – There is no need to keep them, but review them for accuracy

Credit Card Bills – Keep until the debt is paid

Paycheck Stubs – Keep for one year and compare them against your W-2.

Tax Returns & Supporting Documents– Keep for 7 years - The IRS has three years to audit for any reason, six years to audit if there is suspected under-reporting, and there is no time limit if they think you filed a fraudulent return.

### **KEEP FOREVER**

IRA Contribution Documentation – It's your proof that you made a contribution.

Insurance Policies – Keep the most recent one only.

Loan Documents

Home Records

Receipts for major purchases or home improvements

Savings Bonds – Consider converting paper bonds into electronic bonds at [TreasuryDirect.gov](http://TreasuryDirect.gov).

Wills, Power of Attorneys, and/or Trust Documents

Property Ownership Documents

Another suggestion is to opt for electronic or paperless statements. We suggest you reserve a flash drive specifically for financial data. Save annual statements and confirmations onto that drive. Most mutual fund companies and brokerage firms, including First Clearing Corporation and Fidelity Investments, offer the ability to get statements online. Just be sure to download them onto a flash drive and store it in a safe place.

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This is the perfect time to organize those home files, check to see what is in your safety deposit box or open one, and keep online records (saved onto your financial flash drive) of where things are. Don't forget to make sure that one person knows how to access this important information if there is an emergency. Additionally, it is a good idea to store important papers at home in a fireproof box. As with all records, any financial records you discard should be cross-shredded.

Hopefully this guide will help. There are many online sites that offer information about what financial records to keep, and we are always available if you have specific questions about your particular records. Our office provides a service to organize your finances and prepare a record for your files. If you are interested, please give us a call. Additionally, software programs such as Quicken can help you track and manage your finances. Whether you keep records in a three ring binder, a shoe box, or diligently scan all of your records onto the computer, the goal is to have everything readily accessible when it is needed.

*Information for this article was obtained from these helpful online sites:*

<http://www.bargaineering.com/articles/how-long-should-i-keep-financial-documents.html>

<http://www.getrichslowly.org>

<http://www.cwcu.org/library/keeprecords.htm>

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## DID YOU KNOW?

**When Interest Rates Go UP** - The last time the Federal Reserve began a series of interest rate hikes was almost 6 years ago. Over the 2 year period from 6/30/2004 to 6/29/2006, the Federal Reserve raised short-term interest rates 17 separate times. The S&P 500 gained +15.5% (total return) over the 2 years beginning 6/30/2004 (i.e., aggregate total return for the 2 year period, not per year.) (Source: BYN Research).<sup>1</sup>

**Tax Rates & Taxes Paid** - The last time the top individual marginal tax bracket increased was 1993. The maximum marginal tax rate of 31% in 1992 was raised to 39.6% in 1993. Individual income tax receipts were 17.5% of GDP in 1992 and were the same 17.5% of GDP in 1993. Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the U.S. ( Source: IRS, White House).

**Not Paid Off?** - 52% of retirees are still making monthly payments on home mortgage debt (Source: Society of Actuaries).

**Almost Nothing** - 27% of U.S. workers surveyed have retirement savings of less than \$1,000, not counting the value of their primary residence or the present value of any defined benefit pension plan they have accrued (Source: employee Benefit Research Institute).

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## RFC EVENTS:

We teach the following community education classes at locations listed below. If interested, please call the numbers below to register.

**Ann Arbor Community Education / Rec & Ed** (734) 994-2300

- Our classes are just finishing up in Ann Arbor and will resume again this fall.

**Dexter Community Education** (734) 424-4180

- Our classes are just finishing up in Dexter and will resume again this fall.

**Plymouth Community Education** (734) 416-2937

- "College Savings Plan Options" May 26<sup>th</sup> from 6:30-8:30 PM

**Our business continues to be successful because of great clients like you. If you know anyone else who is looking to simplify and organize their financial lives, please let us know. With their permission, we would be happy to contact them and introduce ourselves.**

### RFC Financial Planners

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Toll Free: 800.203.9117

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Securities offered through Sigma Financial Corporation, Member FINRA/SIPC.

Fee-based investment advisory services offered through Sigma Planning Corporation, a registered investment advisor.

<sup>1</sup> Past performance is no guarantee of future investment performance or success, your results will vary. It is not possible to invest directly in an index.