

Tax Notes

- If you no longer use paper checks, you can make payments to the IRS using IRS Direct Pay.
- For 2017, a family can contribute up to \$6,750 to a health savings account (HSA).
- The contribution limit to a traditional or Roth IRA remains at \$5,500 (\$6,500 for taxpayers age 50 and over).

Spring Cleaning



When cleaning out your household files, make sure you don't throw out items that you might need in the future!

The main reason to save tax records is to substantiate the information reported on your tax return. For most federal returns, the statute of limitations—the time frame the IRS has to audit a tax return—is three years from the date the

tax return was due. That time period is extended to six years if gross income is understated by more than 25 percent. There is no time limit if the taxpayer doesn't file a return or files a fraudulent return to evade taxes. Therefore, you should keep prior year returns a minimum of three years from the due date of the tax return. The conservative approach would be to keep tax returns for seven years or longer. Once the three-year period has passed, you can discard receipts and supporting documents that will not affect future transactions.

It's important to retain retirement plan (401k, IRA, etc.) and investment statements. Keep IRA contribution and distribution records indefinitely. Records of nondeductible contributions are particularly important. Retain year-end brokerage statements from the purchase of stocks, bonds and mutual funds for three years after you sell the investment. These statements show the reinvestment of dividends, the purchase of shares, and the redemption of shares. These come in handy for determining basis when you have sold stock. Keep statements until the account is closed.

To protect your files and minimize the chance of identity theft, always store your documents in a secure location. Before getting rid of any documents, contact me to discuss their importance. I'll be able to tell you which ones to keep and which ones to shred.

Did You Know?

A lobster's blood is colorless but when exposed to oxygen, it turns blue.

Quote Corner

"You must be the change you wish to see in the world."

~ Mahatma Gandhi