

Eliminating clutter gives new retirees clean break

By: Janet Kidd Stewart – August 30, 2009

Retiring this year? Time to clean house.

Decades of clutter and a new pile of retirement paperwork make now a great time to streamline.

Laura Leist, founder of Seattle-based Eliminate Chaos (eliminatechaos.com), a professional organizing firm, said when clients find themselves spending more time at home, they start to realize how much livable space is lost to clutter, she said.

"My own parents retired in December and have started getting ready to downsize. They've already tried to pawn stuff off on me and my brother," she said.

Here are some tips on what to keep and what to toss at retirement:

Paperwork - Keep

Tax returns: Keep them forever, said Mackey McNeill, an accountant in Covington, Ky., who serves on a financial literacy commission for the American Institute of Certified Public Accountants.

These returns contain information that is a hassle to dig up elsewhere, such as proof of non-deductible IRA contributions, she said.

Retirement plans: Keep transaction records, annual statements and the summary plan description from your employer. (Ask human resources for a copy if you don't have it).

Keep a list or a Web link of your retirement plan investment choices. You may want to rebalance your portfolio or roll a 401(k) plan into an IRA.

Many of the rules governing your plan come from the individual plan documents. Keep this handy.

IRAs: Keep track of non-deductible contributions forever and hang onto annual statements. If you recharacterize or transfer an IRA, keep those records too.

Bank/credit card statements: You can potentially keep these electronically through your financial institutions, but double check. Certain types of audits require detailed spending records, McNeill said.

Property: Keep all home purchase and renovation documents at least six years after you sell, as a record that you disposed of the property in a legal transaction.

Your career: Keep a list of contacts in case you want, or need, to hit the job market, said Leist.

Keeping your first and last pay stub from former employers isn't a bad idea, said McNeill. Proof of exact employment dates can come in handy when applying for second-career jobs or if you need to clear up a discrepancy with Social Security or other benefits.

Social Security: Keep bank statements of your direct-deposit activity.

Insurance: Gather all your insurance information and keep a master file of policy expiration dates.

Estate documents: Keep these in a safe place, but not a safety deposit box that your heirs may not be able to access, McNeill said.

Paperwork - Toss

Tax documents: Dispose of the supporting documents from your returns after seven years, which covers the **IRS** audit time frame.

Prospectuses: Toss information that you never plan to read as well as quarterly and any other interim statements you get on an annual basis.

Home

Junior's room: Set a reasonable deadline for adult children to pick up yearbooks and memorabilia and let them know a trash hauler has been ordered for the following day, said Susie Danick, owner of Transitional Assistance and Design, a Washington, D.C.-area company that helps seniors downsize and redesign their homes as they age.

Household items: Many of these bring more as a tax deduction than at a yard sale, Danick notes. Check out itsdeductible.com and consider finding a local charity to take the items off your hands.

Collections: Having a massive one-day auction can clear your place out fast, but taking your time to sell unwanted valuables online will often bring better prices, she said.