

Prepare for Tax Filing

In January, as they arrive in the mail, gather W-2s, 1099s, and investment account year-end reports.

Review files and locate income records, expense records, and receipts for items that are tax deductions, bank statements, and your prior year tax return.

Items that are not related to income tax deductions should be saved for one year in the event there are any payment/billing disputes. This includes cancelled checks, utility, credit card, and medical bills which do not document an eligible income tax deduction.

Paystubs, annuity payments, lump-sum, income, interest, and dividend statements and stubs can be tossed once you have verified the figures on the reporting forms of W-2s, and 1099s.

In a file for each year, which will include your tax return when it is completed, keep all documents reflecting income and expenses. Include records/receipts of eligible tax deductions. Have a file folder or section for each category. At the end of the year mark the file with the date and put it away.

If you participate in your employer's medical or dependent care reimbursement accounts make sure all your receipts are organized and claimed. Check with your benefit administrator for your deadline to request reimbursement.

Set up a quick filing system for the coming tax year with a file folder for each of the following:

- Income (paystubs, tax refunds, social security statements)
- Bank statements and investment account reports
- Expenses
 - a. household repairs, major purchases
 - b. utility, credit card, household bills
- Tax deductions
 - a. Estimated Taxes payments
 - b. Real Estate Taxes
 - c. Business related expenses: legal fees, accounting fees, safe deposit box fee
- Medical/Dental/Dependant care expenses and reimbursements
- Health Insurance premiums, Long Term Care Insurance premiums

File appropriately at least monthly and your records will be in order and will stay in order, ready for next year.