Jane Walstedt: And now I'd like Lucia Bruce, the Women's Bureau Regional Administrator in Philadelphia, to introduce our third speaker.

Lucia--

Lucia Bruce: Thank you, Jane.

Ms. Terry Jones is a Certified Public Accountant and Personal Financial Specialist. As the owner of her own CPA practice in Falls Church, Virginia, she has over 25 years of experience working with individuals and businesses on tax, financial, and retirement planning matters.

She is a registered investment advisor, mortgage broker, and insurance agent, and helps individuals and businesses to establish retirement and benefit plans.

She holds a BA and Master's of Accounting degree from Rice University, and has worked with two of the big four accounting firms.

Terry is an active writer and speaker on tax planning, and serves as a member of the American Institute of Certified Public Accountants CPA Ambassador community outreach program.

She was recently interviewed on ABC News regarding financial fitness tips for 2008. She may be reached at terry@terryljonescpa.com or by phone at 703-671-7050.

Welcome, Terry.
Terry Jones: Thank you very much. Congratulations to everyone who has registered and signed up for this program today. You've taken a great step to help yourself. I know that staying organized is not always easy and can often be very overwhelming just in general and particularly with financial matters.

I think that one of the most important things that I want to say--since this call is geared to women--is that it is so important to make sure that you are informed about your family's finances.

If you are married and if you're in the situation where your husband normally takes care of the finances, that's fine, but please make sure that you're an equal partner with that and that you stay informed.

If something happens and your husband is no longer able to continue doing that, you need to be able to step into that role and be educated as you go.

So many women end up widowed and not very knowledgeable about how to take care of themselves financially because the husband always did it. So it's really important to take care of yourself, make sure you have your credit in your own name, and just make sure that you are informed and are aware of where your financial records are.

Now if you are keeping your own records on everything, this is a great time of year to really turn over a new leaf and get a fresh start on your financial recordkeeping, because we are starting into tax season. And that's one of the main areas that I work with my clients on.

And it's really not a burden to think about your taxes. I know a lot of people kind of panic when they think about getting everything together for their tax return.
Well, it shouldn't be a burden, I should say, if you've kept your records organized as you've gone through the year. And your tax return is really an interesting document for you, because it's really a reflection of your life.

And as you go back and look through prior tax returns that you've had, it is amazing how it tracks the major events in your life. And so it becomes really a life story for you.

I was going to talk about—just a little bit about—how you...how long you need to keep your records for your taxes. Basically, if you file your tax return, the IRS has three years from the date that you filed your return to audit your return. And if they do audit you, you need to have support for pretty much everything that's on your return.

Now if you understate your income either by accident or on purpose by more than 25%, then the IRS has six years to audit your returns. If you did not file a return, they have unlimited time to come back on that year.

And so if you're in a situation where you are late filing on any tax returns, the IRS statute of limitations does not even start until you've filed that return. So make sure that you get your tax records in order and file your returns on a timely basis whenever possible.

Now as far as the time limit for keeping documents, it really depends on what type of underlying asset we're talking about. Regarding IRA contributions, you need to keep those records permanently.

If you have made contributions to a non-[tax]deductible IRA, those records need to be kept indefinitely in order to show what you've already paid tax on,
so that you can document when you do take withdrawals what has already been taxed and what is not taxable at that time.

The same with retirement or savings plan statements -- you want to keep those annual summaries that you get. For example, if you get quarterly statements from your 401(k), you want to just hold on to those quarterly statements until you get your annual summary.

And if everything matches up, then you're fine to get rid of your quarterly statements, but keep that annual statement pretty much permanently--on your retirement savings.

Anything that is an asset that is going to go forward in time and that you're going to need records on years later to support something, to document something, to protect your rights on, you want to keep those records indefinitely.

The same is true for your bank records--your bank statements. A lot of people don't get physical checks back from their banks anymore. If you're paying online, you're not even using physical checks.

So the main thing is that if you just…if you are getting checks, you want to keep anything that's related to your taxes, but if you are not getting checks, you just want to keep your electronic records for anything that is of relevance to your tax returns.

Brokerage statements you want to keep until you sell the underlying securities. So if you bought some stock 20 years ago and you go to sell it today, it can be a nightmare going back and trying to track what your “basis” is in that stock, which is going to determine how much tax you need to pay on the sale, if you haven't kept the records. [According to IRS Publication 551
So keep those brokerage statements that show any purchases or sales from your brokerage company, mutual funds, et cetera.

And the same with credit card receipts. If you have business expenses, for example, that are on your credit cards, go ahead and keep those receipts until you have passed the statute of limitations on the audit for your tax returns so you can document.

Your home records are very important to keep indefinitely. You want to not only keep your original purchase documents, but any time if you should refinance your home, you want to keep your financial mortgage history papers so that you can track those mortgages, particularly now with the tax laws being such that you have to kind of put interest expense into different baskets, if you will, depending on when you refinanced your home. So you need to keep those refinance papers indefinitely as well.

If you do any improvements on your home, if you remodel a bathroom or a kitchen, put on a new roof, keep those records because that adds to what is called the “basis” of your home. [According to IRS Publication 551 Basis of Assets, the basis of property you buy is usually its cost. You can include in the basis of property you buy the settlement fees and closing costs for buying the property. Increases to the basis include capital improvements (e.g., putting an addition on your home, replacing an entire roof, paving your driveway, installing central air conditioning), assessments for local improvements (water connections, sidewalks, roads), casualty losses (restoring damaged property), and legal fees (cost of defending and perfecting a title).] And when you go to sell your home someday, it will decrease any
potential taxable gain that you might have on that home if you can document what your improvements were.

So those are some of the big picture things on your taxes. And one thing I wanted to touch on, which has also been mentioned a little bit, is the importance of making things easy in case something happens to you, so that someone coming in can take care of your financial records and can find things and can identify them.

And I just wanted to share with you a story about my grandmother, who was just this amazing lady. She was a legal secretary, and she kept her personal records at home in such amazing, meticulous order so that she could always put her fingers on anything.

And she made sure as she was getting older that her…my mother and my uncle knew how to reach any of the information that they would possibly need if she were not there to go through stuff.

And she also did something which was very wonderful. She put little bits of labels on all kinds of personal treasures all through her home so any little presents that she had gotten through the years--vases, things she had gotten through her travels--she put little labels on the underside of them that showed where they came from and when.

And that just made a beautiful gift to the family when she wasn't there. And another thing that she did was to make a verbal tape just talking about her life. And that was such a wonderful gift to our family as well.

So those are some of the things that you can do just to really make a gift from yourself to your loved ones in the case that you're not there anymore or that you're disabled and can't care for yourself.
So with that, I will just turn it back to you and be glad to take any questions.

Jane Walstedt: Thank you very much, Terry, for those tips.