

# Record Retention for Businesses



Good record keeping is essential for tax purposes as well as overall business success. The following guidelines are recommended for the most common business records. If you have questions on documents these guidelines don't address, please call us for more information.

Area	Document	Recommended Retention Period
<b>Administrative</b>	Accident reports and claims	7 years
	Annual corporate reports	Permanently
	Authorities to issue securities	Permanently
	Bonds, surety	3 years
	Charters, constitutions, bylaws	Permanently
	Contracts and leases (still in effect)	Permanently
	Contracts and leases (expired)	7 years
	Corporate election records	Permanently
	Correspondence (legal and important matters): reports, claims and coverage information	Permanently
	Correspondence (interoffice)	7 years
	Correspondence with customers and vendors (routine)	1 year
	Directives from officers	Permanently
	Equipment records (in service)	Permanently
	Equipment records (out of service)	Permanently
	Forms used (file copies)	5 years
	Incorporation records	Permanently
	Information returns	Permanently
	Insurance records (current)	4 years
	Meeting calendars	4 years
	Minute books of directors, stockholders meetings	Permanently
	Partnership records	Permanently
	Stock transfer and stockholder records	Permanently
	Systems and procedures records	Permanently
Trademarks, copyrights and patents	Permanently	
Users' manuals	Permanently	
Warranties and service agreements (expired)	1 year	
<b>Electronic</b>	Backup files/disks/tapes of electronic data	3 months from backup date
	Employee login IDs and passwords for company systems	While in effect
	Password list for all electronic storage sites	While in effect



Financial		
	Analysis of billing adjustments	7 years
	Audit reports	Permanently
	Audit work papers	3 years
	Balance sheets	Permanently
	Bill drafts	7 years
	Bonds and warrants	Permanently
	Budgets	3 years
	Cancelled checks (for important payments, tax payments, purchases of property, special contracts, etc.)	Permanently
	Cancelled checks (for routine payments, bank statements, bank reconciliations, etc.)	7 years
	Capital asset record (after disposal)	3 years
	Capital stock and bond records: ledgers, transfer registers, stubs showing issues, record of interest, coupons, etc.	Permanently
	Cash receipts and disbursement journal	Permanently
	Chart of accounts	Permanently
	Client charges and billing report	7 years
	Cost accounting records	5 years
	Deposit slips	7 years
	Depreciation schedules	Permanently
	Dividend register	Permanently
	Earnings register	3 years
	Electronic fund transfer records	7 years
	Employment Tax Records, including: Withholding forms (W-2, W-4, W-4E); Actual taxes and dates withheld; Amounts of wages subject to withholding; payment to pensioners (keep 940s, 941s and W-3s permanently)	7 years
	Entertainment, gifts and gratuities	3 years
	Estimates and projections	7 years
	Excise reports and exemption certificates	4 years
	Expense reports	7 years
	Financial statements (annual statements and workpapers, including operating offices and consolidated)	Permanently
	Financial statements (periodic)	2 years
	Fixed asset ledgers, records and appraisals	Permanently
	General ledger records	Permanently
	Interim statements (consolidated)	7 years
	Internal audit and miscellaneous management reports	3 years
	Interoffice client charges	7 years
	Inventories of products, materials and supplies	7 years
	Invoices from vendors for fixed asset purchases	Permanently
	Invoices from vendors for ordinary purchases	7 years
	Invoices to customers	7 years
	Journal vouchers	Permanently
	Labor cost records	3 years
	Liability insurance policy	Permanently
	Loan records and payments	7 years
	Monthly operating statements	7 years



<b>Financial (continued)</b>	Note receivable ledgers and schedules	7 years
	Options records (expired)	7 years
	Other periodic financial reports	3 years
	Purchase orders (other than purchasing copy)	1 year
	Purchase orders (purchasing department copy)	3 years
	Partnership agreements	Permanently
	Petty cash records	7 years
	Physical inventory tags	7 years
	Plant cost ledgers	7 years
	Profit and loss statements	Permanently
	Property appraisals by outside appraisers	Permanently
	Property records: costs, depreciation reserves, end-of-year trial balances, depreciation schedules, blueprints and plans	Permanently
	Receiving sheets	1 year
	Requisitions	1 year
	Sales records	7 years
	Scrap and salvage records (inventories, sales, etc.)	7 years
	Salesperson commission reports	3 years
	Savings bond registration records of employees	3 years
	Stock and bond certificates (cancelled)	7 years
	Stockroom withdrawal forms	1 year
	Subsidiary ledgers	7 years
	Tax returns, worksheets, reports and other documents relating to determination of income tax liability	Permanently
	Travel expense reports	3 years
	Voucher check copies	7 years
	Voucher for payments to vendor/employee: allowances and employment reimbursements, travel and entertainment expenses	7 years
	Voucher register and schedules	7 years
Workpapers (rough)	2 years	
<b>Miscellaneous</b>	Business insurance records (expired)	3-10 years
	Leases and contracts; Repair and maintenance records for buildings	10 years
<b>Human Resources</b>	Affirmative Action Plans; Applications and other records that support employment decisions	2 years
	Annual employee benefit reports; Benefit plan documents; COBRA notices and correspondence; ERISA reporting and disclosure requirements; Summary of employee benefit plans offered	6 years
	Documentation of employee's refusal to submit to drug test; Drug test results indicating alcohol concentration of 0.02 or greater; Verified positive test results for a controlled substance	5 years from creation of record
	Negative drug test records; Records related to collection process	2 years
	INS I-9 Forms	Later time period of either 3 years after date of hire or 1 year after termination
	Family & Medical Leave Act Requests: Basic employee data; Dates or hours of the leave; Dispute records; Employee benefit information	3 years from the date the leave ended
	VETS-100 & EEO-1 reports	1 year, 2 years for Federal Contractors



<b>Human Resources (continued)</b>	Certificate of age for minor employees	Until termination, employer must return certificate to minor
	Employee data and proof of parental authorization for minor employees	3 years after termination date
	Employee pay data, including: Dates of payment; Rates of pay during employment; Hours worked each week including time cards & schedules; Total straight and overtime earnings	3 years
	A personnel file for each employee that includes: Attendance records; Employee separation forms; Employment contract; Policy acknowledgment form; Job description or advertisement; Performance management documents; Resume, application, letters of reference, interview notes; Training notes	7 years after termination date
	Employment applications and resumes for non-selected job applicants; Job advertisements; Online job postings and application records	1 year
	Log of occupational injuries and illnesses	5 years
	Material safety data sheets; Medical exams; Records of exposure to toxic substances	30 years after termination date
	OSHA documents; OSHA Forms 101, 200, 300, 300-A, 301; Records of injuries and illnesses	5 years
	Polygraph test records that include test results and reason for administering	3 years after test

## Record Keeping Best Practices

Businesses today face an ever-growing challenge in determining what records to retain and for how long. The retention periods we've suggested in the previous sections aren't offered as final authority but as guideposts to compare to the specific needs of your business.

## Developing a Record Retention Policy

No matter what your business does or the industry it operates in, a written record retention policy is a must-have for every organization.

A good record retention policy defines your goals related to document retention and identifies the requirements of staff and others for its success. Your policy should have a process for implementation and training, as well as a monitoring system to ensure that it's effective in meeting your needs. The policy should clearly state how long a record should be kept, where it should be kept, and when and how it is to be destroyed.

There are multiple factors to consider when developing your records retention policy, including:

- ▶ What are your goals?
- ▶ How will you define a schedule of retention, archive and destruction based on the retention periods specified?
- ▶ Where will you safely store your records?
- ▶ How will you properly destroy your documents?

- ▶ Will your policy require new technology implementation to manage electronic records?
- ▶ How will you monitor the procedures and performance of the policy?

While there isn't one "correct" methodology or framework that can be used to assess your record retention needs, it may be useful to consult a variety of knowledgeable professionals for advice. Compliance specialists, IT professionals, legal counsel and auditors can provide insight into what records your business is legally required to retain and for how long.

## Implementation and Flexibility

A record retention policy is only as good as its implementation and upkeep. Make sure to spend time educating your employees not only about the policy itself but the implications of not following it. Most importantly, know that your policy can be tweaked if your original plan isn't proving to be successful.

*For specific questions these guidelines don't address, please give us a call.*