

Records Retention Guidelines



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Records Retention Policy

There are eight basic steps that can guide an organization in developing a sound record retention policy:

1. Evaluating statutory requirements, litigation obligations, and business needs;
2. Classifying types of records;
3. Determining retention periods and destruction practices;
4. Drafting and justifying record retention policy;
5. Training staff;
6. Auditing retention and destruction practices;
7. Reviewing policy periodically; and
8. Documenting policy, implementation, training, and audits.

We strongly recommend you seek legal counsel because the courts generally do not differentiate between what is hard copy form and that what is soft copy, or digital, form. The court will want the “best source” document submitted, and some documents, such as those we mentioned above which have a corporate or government seal on them should be maintained, but, if you keep your reports and other forms in electronic format, these should be admissible.

What is important is that you do have a formal written records retention policy. You are responsible for determining required, legislated retention periods based on your profession, industry, and state and federal laws.

The following is a suggested starting point and details which records must be kept permanently and which can be discarded after a time. The suggested retention time period generally begins at the end of the fiscal year in which the paper was created. For employment records, the schedule begins after the employee terminates. Items supporting your tax returns would be retained a minimum of three years after the applicable tax return was filed. Again, these are only guidelines to assist you in developing a suitable plan for your business.

Permanent Records

- Annual Financial Statements
- Articles of Incorporation
- Pension Records
- Company Stocks and Bonds
- Property Records, including account ledgers, appraisals, plan specifications, and sales
- Deeds
- Dividend Registers
- Tax Return (estate, gift, and income)
- General Ledgers
- Title Papers
- Contracts, Changes, and Specifications
- Audit Reports
- Union (Labor) Contracts
- Trademark Records
- Minutes of Meetings
- Warrants
- Note Registers
- Year End General Journal Entries

Ten Years

- Check Registers
- Personal Property Tax Returns
- Corporate Contacts
- Sales and Use Tax Returns
- Franchise Agreements
- Voucher Registers
- Accounting Journals
- Workers' Compensation Reports
- Tax Records

Seven Years

- Accident Reports
- Notes
- Bank Statements
- Options
- Checks
- Plant Acquisition Records
- Correspondence
- Property Damage Reports
- Depreciation Schedules
- Employee and Vendor Contracts
- Purchase Invoices
- Employment Applications and Contracts

- Sales Invoices, Slips, and Work Records
- Payroll Tax Returns
- Fixed Asset Records
- Social Security Tax Returns
- Inventory Records
- Uncollectible Accounts Records
- Invoices
- Vouchers
- Leases
- Equipment
- Withholding and Exemption Certificates
- Maintenance and Repair Records
- W-2 Forms
- Mortgage Records
- Personnel Files
- Paychecks
- Unemployment Claims

Five Years

- Bills of Lading
- Fire Damage Reports
- Cost Accounting Records
- Freight Draft, Bills, and Claims
- Daily Time Reports
- Shipping Tickets
- Sales Commission Reports
- Expense Reports

Three Years

- Bank Deposit Slips
- Insurance Policies (after expiration)
- Bank Reconciliations
- Petty Cash Records
- Budgets
- Purchase Order Copies
- Delivery Receipts
- Receiving Reports
- Remittance Statements
- Fidelity Bonds
- Requisitions
- Interim Financial Statements
- Surety Bonds
- Garnishments
- Travel Records

One Year

- Licenses (after expiration)

Retention Table

While the above list is great as a simple overview of the type of records which should be retained, the following table organizes these slightly different and includes specific items. Again, you should verify your retention policy against state and federal, or industry specific requirements.

TYPE OF RECORD	TIME PERIOD TO RETAIN
ACCOUNTING RECORDS	
Auditors' Report/Annual Financial Stmts.	Permanently
Bank Statements and Deposit Slips	7 Years
Cancelled Checks:	
- Fixed Assets	Permanently
- Taxes (Payroll Related)	7 Years
- Taxes (Income)	Permanently
- General	7 Years
- Payroll	7 Years
Cash Disbursements Journal	Permanently
Cash Receipts Journal	Permanently
Chart of Accounts	Permanently
Deeds, Mortgages, Bills of Sale	Permanently
Electronic Payment Records	7 Years
Employee Expense Reports	7 Years
Fixed Asset Records (Invoices, Cancelled Checks, Depreciation Schedules)	Permanently
Freight Bills and Bills of Lading	7 Years
General Journal	Permanently
General Ledger	Permanently
Inventory Listings and Tags	7 Years
Invoices: Sales to Customers/Credit Memos	7 Years
Patent/Trademark and Related Papers	Permanently
Payroll Journal	Permanently
Production and Sales Reports	7 Years
Purchases	7 Years
Purchase Journal	Permanently
Purchase Orders	7 Years
Sales or Work Orders	7 Years
Subsidiary Ledgers (Accts. Receivable, Accts. Payable, Equipment)	7 Years
Time Cards and Daily Time Reports	7 Years
Training Manuals	Permanently
Trial Balance - Year End	Permanently

EMPLOYEE BENEFIT PLAN RECORDS	
Actuarial Reports	Permanently
Allocation and Compliance Testing	7 Years
Brokerage/Trustee Statements Supporting Investments	7 Years
Financial Statements	Permanently
General Ledger and Journals	Permanently
Information Returns (Form 5500)	Permanently
Internal Revenue Service/Department of Labor Correspondence	Permanently
Participant Communications related to Distributions, Terminations, Beneficiaries	7 Years
Plan and Trust Agreements	Permanently

INSURANCE RECORDS	
Accident Reports and Settled Claims	6 Years after settlement
Fire Inspection and Safety Reports	7 Years
Insurance Policies (still in effect)	Permanently
Insurance Policies (expired)	7 Years

LEGAL DOCUMENTS	
Articles of Incorporation and Bylaws	Permanently
Buy-sell Agreements	Permanently
Contracts and Leases (still in effect)	Permanently
Contracts and Leases (expired)	7 Years
Employment Agreements	7 Years
Legal Correspondence	Permanently
Minutes	Permanently
Partnership Agreements	Permanently
Stock Certificates and Ledgers	Permanently

PERSONNEL RECORDS	
Child Labor Certificates and Notices	3 Years
Employment Application (from date of termination)	2 Years
Employment Eligibility Verification (I-9 Form) (from date of termination)	3 Years
Help Wanted Ads and Job Opening Notices	2 Years
Personnel Files (from date of termination)	4 Years
Records of job injuries causing loss of work	5 Years
Safety: chemical and toxic exposure records	30 Years
Union agreements and individual employee contacts (from date of termination)	3 Years

TAX RECORDS	
IRS or FTB Adjustments	Permanently
Payroll Tax Returns	4 Years
Property Basis Records	Permanently
Sales and Use Tax Returns	Permanently
Tax Returns and Cancelled Checks for Tax Payments	Permanently