

RETAINING BUSINESS RECORDS

How Long Should Business Records Be Kept?

A common and ongoing question facing business clients today is how long business records should be retained. There is no easy answer to this question. Many factors come into play: type of business, the specific needs of management, and state and regulatory requirements, just to name a few.

The following are only suggested guidelines for retaining business records. Since record retention requirements vary for Federal purposes, from state to state, and have been the subject of increasing regulatory activity, legal counsel should be consulted in specific instances.

Retain Permanently:

- Audit reports, financial statements
- Bills of sale for important purchases
- Canceled check (for important payments)
- Capital stock and bond records and other records dealing with the firm's capital structure
- Cashbooks
- Charts of accounts
- Checks (for important payments and purchases)
- Contracts and leases (major and/or current)
- Correspondence (legal and important matters)
- Credit history
- Deeds, mortgages, and bills of sale
- Financial statements (year-end)
- General and private ledgers
- Insurance records, current accident reports, claims, policies, etc.
- Journals
- Membership petitions
- Minute books, bylaws, and charter
- Property appraisals
- Property records
- Retirement and pension records
- Tax returns (along with all related documents and worksheets)
- Trademark registrations

Retain for 7 Years:

- Accident reports and claims (settled cases)
- Accounts payable and receivable ledgers and schedules
- Canceled checks (for unimportant payments)
- Canceled stock and bond certificates
- Contracts, mortgages, notes and leases (expired)
- Expense analyses and distribution schedules
- Expired option records
- Inventories (of products, materials and supplies)
- Invoices (customer and vendor)

Notes receivable ledgers and schedules
Payroll records, summaries, and related documents (including pensioners' payments)
Personnel files (terminated employees)
Plant cost ledgers
Purchasing department copy of purchase orders
Royalty computations
Sales records
Scrap and salvage records
Subsidiary ledgers
Timesheets/Time books
Vouchers for payments to vendors, employees and related parties
Withholding tax statements

Retain for 5 Years:

Excise tax computations
Internal audit reports

Retain for 3 Years:

Bank reconciliations and bank statements
Correspondence (general)
Employee savings bond registration records
Employment applications
Insurance policies (expired)
Miscellaneous internal reports
Petty cash vouchers
Physical inventory tags

Retain for 2 Years:

Proxies of voting security holders

Retain for 1 Year:

Duplicate bank deposit tickets
Purchasing orders (not purchasing department copy)
Receiving sheets
Requisitions
Stenographers' notebooks
Stockroom withdrawal forms