

## Company Records: What to Keep, What to Dump

A records retention schedule ensures that an organization keeps the records it needs for operational, legal, fiscal or historical reasons, and then destroys them when they're no longer useful. You may base your records retention schedule on your own experience and research of legal mandates or on what other companies are doing.

Whatever your method, use your retention schedule as a guide, not as an executioner. Retain records longer if litigation, a government investigation or an audit seems likely. In the event that a legal action does transpire, immediately cease all disposal activities.

You have to know what you have and how long to keep it—legally and for your own business purposes—before you can establish an efficient records management system. That's why it's important to inventory your records and draw up a company retention schedule.

The retention schedule below reflects standard business practices. You must also consider state and local statutes of limitations as well as regulations of government agencies that pertain to your business. State retention statutes vary widely on tax, unemployment and workers' compensation records, as well as on environmental and other requirements. Check with your state and regional authorities for details.

As an extra safeguard, have your CPA and your attorney review your records retention timetable before putting it into practice.

### Timetable Tips

Whether you use the guidelines in this section or conduct your own research to establish a retention schedule, keep the following in mind:

- Don't be a "just in case" hoarder; store records only for legal, operational or archival reasons.
- Retain and destroy documents systematically.
- Segment records according to a retention timetable.
- Don't retain unscheduled temporary materials, such as drafts, reminder notes, work sheets or extra copies
- Don't hang onto documents just for their sentimental or public relations value. Information must earn its keep, like any other asset. A comprehensive record of the past that fosters a "company memory" can be an asset, but be sure to minimize your legal liability while doing so.

### When No Requirements Exist . . .

What can you do if a law does not state a specific retention period? This is not uncommon. There may not be a stated legal requirement for certain records, or the requirement may not include a specific retention period. You may have done a thorough search to locate certain records requirements but could not find any law addressing your particular documents. Or you may have discovered that certain records must be maintained, but you could not determine for how long.

Statutes and regulations often contain a phrase, "The following records shall be maintained . . .," but they fail to tell you the retention period. Usually the phrase is interpreted as meaning "permanently" because there's no permission given for destruction of the records.

How do you deal with this quandary? Under the Uniform Preservation of Private Business Records Act (UPPBRA), whenever a law does not specify a retention period, businesses should keep their records for three years. If you destroy them sooner, you risk subjecting your organization to legal problems. However, only eight states have adopted this act or something equivalent. Courts could certainly require you to hold records long enough to permit the state to monitor compliance with its regulations—a "reasonable" period of time. Based on federal records and the UPPBRA, a three-year retention period should be sufficient.

How long should you keep records if you cannot locate any legal requirements referring to them? Assuming your legal research was thorough, it is best to maintain the records for three years. You must, however, document your search effort and the assumptions you used to set the three-year period. Then, if you missed a legal requirement during your search, you have documentation to show the judge or regulatory agency that your organization had made

a good-faith effort to comply with the law.

## RECORD RETENTION GUIDE

KEY: "P" = Permanent. Otherwise, figures represent suggested number of years for retaining each type of record.

<b><u>Accounting and Fiscal</u></b>	<b><u>Years</u></b>
Accounts, charged off	7
Accounts payable ledger	7
Accounts receivable	10
Accounts receivable ledger	10
Balance sheets	5
Bank deposit records	6
Bank reconciliation papers	8
Bank statements	8
Bills collectible	7
Bills of sale of registered bonds	3
Bill stubs	7
Bonds canceled	3
Bonds registered	P
Bonds, sales or transfer	15
Budget work sheets	3
Building permits	20
Capital stock bills of sale	P
Capital stock certificates	P
Capital stock ledger	P
Capital stock transfer records	P
Cashbooks	25
Cash receipts & disbursement records	10
Cash sales slips	3
Cash slips	3

Charge slips	10
Check records	7
Check register	10
Checks, dividend	10
Checks, expense	10
Checks, paid & canceled	9
Checks, payroll	7
Checks, voucher	6
Checks, warrants	P
Correspondence, accounting	5
Correspondence,	
credit & collection	7
Cost account records	7
Customer ledger	P
Donations	7
Drafts paid	8
Earnings register	3
Entertainment, gifts &	
gratuities	3
Estimates, projections	7
Expense reports, departmental	7
Expense reports, employees	7
Financial statements, certified	P
Financial statements, periodic	P
Fixed capital records	P
General cashbook	25
General journal	P
General journal supporting	
papers	P
General ledger	P
Notes, canceled	10

Note ledgers	P
Payroll register	7
Petty cash records	3
Plant ledger	P
Profit & loss statements	P
Property asset summary	10
Royalty ledger	P
Salespeople commission reports	3
Stock ledger	P
Tabulating cards & magnetic tape	1
Traveling auditor reports	15
Trial balance, accounts receivable	3
Trial balance sheets	P
Uncollectible accounts	7
Work papers, rough	2
<b><u>Administrative</u></b>	
Audit reports, internal	10
Audit reports, public & government	P
Audit work papers, internal	6
Classified documents: control, inventories, reports	5
Correspondence, accounting	5
Correspondence, advertising	3
Correspondence, credit & collection	7
Correspondence, engineering & technical	10
Correspondence, general	3

Correspondence, personal	6
Correspondence, production	2
Correspondence, purchase	5
Correspondence, sales & service	1
Correspondence, tax	15
Correspondence, traffic	6
Forms control	5
Inventory cards	3
Inventory, plant records	P
Organized charts	P
Requisitions	1
Research reports	20
System & procedure records	P
Telegram & cable copies	3
Telephone records	P

### **Advertising**

Activity reports, media schedules	5
Contracts	6 yrs. after termination
Contracts, advertising	6 yrs. after termination
Correspondence	5
Drawings & artwork	P
Estimates	2
House organs	P
Market data & surveys	5
Samples, displays, labels, etc.	P
Tear sheets	3

### **Corporate**

Annual reports	P
Authority to issue securities	P
Authorization & appropriations for expenditures	6 yrs. after

	termination
Bonds, surety	10
Capital stock certificates	P
Capital stock ledger	P
Capital stock transfer records	P
Charters, constitution, bylaws & amendments	P
Contracts, employee	6 yrs. after termination
Contracts, government	6 yrs. after termination
Contracts, labor union	6 yrs. after termination
Contracts, vendor	6 yrs. after termination
Dividend checks	10
Dividend register	P
Easements	P
Election ballots	20
Election records, corporate	10
General cashbooks, treasurers' and auditors'	25
Incorporation records & certificates	P
Licenses, federal, state, local	P
Permits to do business	P
Records of mergers, consolidations, acquisitions, dissolutions & reorganizations	P
Reports to Securities and Exchange Commission	P
Securities: documents of issuance, listing & registration	P
Stock applications for issuance	P
Stock certificates, canceled	P
Stock, stock transfer &	

stockholders' records	P
Stockholder minute books, resolutions	P
Stockholder proxies	10
Stockholder reports	P
Voter proxies	15

### **Executive**

Correspondence	2
Policy statements, directives	P
Projects, ideas, notes	P
Research reports	20
Speeches, publications	10

### **Insurance**

Accident reports	11
Appraisals	P
Claims, automobile	10
Claims, group life & hospital	4
Claims, loss or damage in transit	7
Claims, plant	P
Claims, workers' compensation	10
Expired policy, accident	3 yrs. after expiration
Expired policy, fidelity	3 yrs. after expiration
Expired policy, fire	3 yrs. after expiration
Expired policy, group	3 yrs. after expiration
Expired policy, hospital	3 yrs. after expiration
Expired policy, inspection certificates	3 yrs. after expiration
Expired policy, liability	3 yrs. after expiration
Expired policy, life	3 yrs. after expiration
Expired policy, marine	3 yrs. after expiration
Expired policy, property	3 yrs. after expiration

Expired policy, surety 3 yrs. after expiration

Expired policy, workers' comp 3 yrs. after expiration

**Legal**

Affidavits 10

Charters P

Claims & litigation of torts &

breach of contract P

Copyrights P

Mortgages P

Patents & related data P

Trademarks P

**Manufacturing**

Authorities for sale of scrap 3

Bills of material 5

Blueprints 30

Correspondence, engineering

& technical 10

Correspondence, production 2

Credit memoranda 5

Credit ratings & classifications 2

Drafting records 8

Draftings & tracings, original P

Inspection records 5

Inventory records 7

Invoice copies 7

Invoices, received 7

Job records 10

Journals P

Ledgers P

Operating reports 10

Order register 6

Production reports	6
Quality control reports	5
Receipts, delivery	3
Reliability records	P
Specifications, customer	P
Stores' issue records	3
Time & motion studies	P
Tool control	5
Work orders	5

**Personnel**

Accident reports, injury claims, settlements	7
Applications, changes, terminations	3
Attendance records	4
Clock records	4
Correspondence	6
Daily time reports	5
Disability & sick benefits records	4
Earnings records	P
Employee contracts	7
Employee service records	P
Fidelity bonds	3
File, individual employee	3
Garnishments	7
Health & safety bulletins	4
Injury frequency charts	10
Insurance records: group, employee	6
Medical folders, employee	30 yrs. after termination
Paychecks	P
Payroll records, after termination	P

Pension plan	P
Pension plan, applications	P
Pension plan, claims	P
Pension plan, correspondence	P
Rating cards	5
Salary & rate changes	10
Salespeople auto records	2
Salespeople expense accounts	4
Salespeople performance records	P
Time cards	7
Time tickets	7
Time tickets, receipted	7
Training manual	P
Union (collective bargaining)	
agreements after termination	P
Withholding, exemption certificate	3
Workers' compensation reports	11
<b><u>Plant and Property</u></b>	
Appraisals	P
Damage reports	7
Deeds, titles	P
Depreciation schedules	P
Inventory records	16
Leases	P
Maintenance & repair, buildings	10
Maintenance & repair, machinery	5
Plans & specifications	P
Plant account cards, equipment	
records, historical folders	P
Purchase, lease records	1
Sales	7

Space allocation records	2
Taxes	P
Water rights	P

**Purchasing**

Acknowledgments	3
Bids, awards	3
Contracts	6 yrs. after termination
Correspondence	5
Exception notices	6
Orders	7
Purchase orders	3
Purchase requisitions	1
Quotations	3
Receiving reports	6
Receiving slips	4
Vendors' contracts	P

**Sales and Marketing**

Claims (loss or damage)	5
Complaints	5
Contract progress reports	6 yrs. after termination
Contracts, customer	6 yrs. after termination
Contracts, representatives, agents, distributors	6 yrs. after termination
Correspondence	1
Discount rates	5
Guarantees, warranties	6
Invoices, copies	6
Invoices received	7
Mailing & prospect lists	2
Market research studies & analysis	P
Market surveys	5

Orders acknowledgment	4
Orders filled	8
Price lists	P
Shipping notices & reports	4
Tax-exempt sales	5

**Taxation**

Agent's reports	P
Annuity or deferred payment plan	P
Correspondence	20
Depreciation schedules	3
Dividend register	P
Employee withholding certificates	8
Excise reports	5
Exemption status	P
Inventory reports	16
Real estate	15
Sales & use	P
Social Security	P
Tax bills & statements	P
Tax returns & working papers	P

**Traffic**

Aircraft operating & maintenance	10
Bills of lading	3
Delivery reports	3
Drive vehicle inspection reports	3 months
Employee travel	1
Export declarations	4
Freight bills	5
Freight claims	5
Leases	6
Manifests	1

Receiving documents	5
Routing records	1
Shipping instructions	6
Shipping tickets	&nb