



RECORD RETENTION GUIDE FOR BUSINESSES

In business, good recordkeeping is essential not only for tax reporting purposes but also for the success of the company. The guidelines below give retention periods for the most common business records. Call us if you'd like more information or assistance with your record retention program.

ACCOUNTING RECORDS **RETENTION PERIOD**

Table with 2 columns: Accounting Records and Retention Period. Includes Accounts payable (7 years), Accounts receivable (7 years), Audit reports (Permanent), Chart of accounts (Permanent), Depreciation schedules (Permanent), Expense records (7 years), Financial statements (annual) (Permanent), Fixed asset purchases (Permanent), General ledger (Permanent), Inventory records (7 years), Loan payment schedules (7 years), Purchase orders (1 copy) (7 years), Sales records (7 years), Tax returns (Permanent).

BANK RECORDS

Table with 2 columns: Bank Records and Retention Period. Includes Bank reconciliations (2 years), Bank statements (7 years), Cancelled checks (7 years), Electronic payment records (7 years).

CORPORATE RECORDS

Table with 2 columns: Corporate Records and Retention Period. Includes Board minutes (Permanent), Bylaws (Permanent), Business licenses (Permanent), Contracts-major (Permanent), Contracts-minor (Life + 4 years), Insurance policies (Life + 3 years), Leases/mortgages (Permanent), Patents/trademarks (Permanent), Shareholder records (Permanent), Stock registers (Permanent), Stock transactions (Permanent).

EMPLOYEE RECORDS

Table with 2 columns: Employee Records and Retention Period. Includes Benefit plans (Permanent), Employee files (ex-employees) (7 years), Employment applications (3 years), Employment taxes (7 years), Payroll records (7 years), Pension/profit sharing plans (Permanent).

REAL PROPERTY RECORDS

Table with 2 columns: Real Property Records and Retention Period. Includes Construction records (Permanent), Leasehold improvements (Permanent), Lease payment records (Life + 4 years), Real estate purchases (Permanent).

1 Permanent for LIFO system.
2 Permanent for real estate purchases.
3 Check with your agent. Liability for prior years can vary.
4 Or statute of limitations for employee lawsuits.

RECORD RETENTION GUIDE FOR INDIVIDUALS

Good recordkeeping can cut your taxes and make your financial life easier.

How long to keep records is a combination of judgment and state and federal statutes of limitations. Since federal tax returns can generally be audited for up to three years after filing and up to six years if the IRS suspects underreported income, it's wise to keep tax records at least seven years after a return is filed. Requirements for records kept electronically are the same as for paper records.

Generally, follow these recommended retention periods for various documents:

RECORD **RETENTION PERIOD**

Table with 2 columns: Record and Retention Period. Includes Tax returns (uncomplicated) (7 years), Tax returns (all others) (Permanent), W-2s (7 years), 1099s (7 years), Cancelled checks supporting tax deductions (7 years), Bank deposit slips (7 years), Bank statements (7 years), Charitable contribution documentation (7 years), Credit card statements (7 years), Receipts, diaries, logs pertaining to tax return (7 years), Investment purchases and sales slips (Ownership period + 7 years), Dividend reinvestment records (Ownership period + 7 years), Year-end brokerage statements (Ownership period + 7 years), Mutual fund annual statements (Ownership period + 7 years), Investment property purchase documents (Ownership period + 7 years), Home purchase documents (Ownership period + 7 years), Home improvement receipts and cancelled checks (Ownership period + 7 years), Home repairs receipts and cancelled checks (Warranty period for item), Retirement plan annual reports (Permanent), IRA annual reports (Permanent), IRA nondeductible contributions Form 8606 (Permanent), Insurance policies (Life of policy + 3 years), Divorce documents (Permanent), Loans (Term of loan + 7 years), Estate planning documents (Permanent).

1 Check with your agent. Liability for prior years can vary.