



The What, Why, and When of Record Retention

Cathy Sexton – Productivity Expert

“Ignite Productivity & Accelerate Results by Leveraging Your Natural Productivity Style”

What documents do we need to keep? When can we discard records? Where and how is the best way to store documents? Why do we need to keep all of this stuff?

These are common questions that are frequently asked by my clients. As a paper management professional, I help individuals and companies manage paper, documentation, and records. Record retention can be confusing and intimidating. Instead of making a wrong decision, most simply keep everything—which creates several management problems. The magnitude of paper and documents we deal with on a daily, monthly, and annual basis can be overwhelming, take up valuable space, collect dust, and create storage problems. And we find that most people who keep everything with the best of intentions can't find what they need when they need it.

Knowing what to keep (and for how long) is the foundation of a good management system. But it is the management of these documents that will give you the peace of mind if and when you need documents for legal or tax reasons. The emphasis is on quality and management versus quantity. Eliminating the abundance of unnecessary paperwork saves valuable storage space, as well as your sanity.

What business documents need to be kept and when can they be destroyed?

***Business and Corporate Records - basic list**

3 years - Credit card statements, monthly financial and bank reconciliations

7 years - AR and AP records, inventory, PO and sales records, property records/improvements

Life of document + 4 years - Insurance policies, lease payment records and minor contract

Permanent - Bank statements, cancelled checks, fixed asset purchases, depreciation schedules, tax returns and related information, all corporate paperwork and major contracts.

***Employee Records – basic list**

3 years – Employment applications

7 years – Employee files, payroll and dividend checks, payroll records

Permanent – Benefit, retirement, pension and profit sharing plans

Why and where should I keep my documents?

A formal records retention policy is critical to every business. This policy should apply to all storage mediums, including paper, electronic files, voice mail, and e-mails. Once a company establishes a policy, it must be followed consistently. Keep in mind that business documents can have legal, tax, and industry standards requirements. And publicly traded companies are bound by the [Sarbanes-Oxley Act \(SOX\)](#). Your policy should be based on your business type and needs.



Once a retention policy is established, the next consideration is storage of these documents. Paper filing versus electronic filing creates a great debate. Due to legal and industry requirements, not all documents can be transformed to electronic images. There will always be the need for some documents in paper form. Electronic filing has many advantages over paper filing systems. The largest advantage is the space savings, the ability for multiple people to share the same files and images. Further, these documents cannot be manipulated or altered.

Whatever methods your company chooses, the most important is that you have a system in place. This system must enable anyone to find what they need, when they need it. Hunting through multiple paper files or trying to find lost computer files cost companies hundreds - or more likely thousands - of dollars per year. Larger organizations can be looking at tens or hundreds of thousands of dollars in productivity losses.

There are affordable software programs available that allow you to find either paper or electronic files in seconds. The value of these programs highly outweighs the program and implementation costs. But the best advice is to develop your record retention policy. ***Then implement it.*** Most companies will find that using the combination of paper and electronic files will give them the best process for document storage.

*This information is general and limited and should only be used as a guideline for record storage and should not be considered as professional or legal advice. Please consult a tax or financial planner for legal advice in regards to financial record storage and discarding of documents. Please consult your attorney regarding all legal paperwork.

**When disposing of important documents, make sure they are shredded.

I challenge you to **I.G.N.I.T.E.** your personal productivity by implementing what you have just learned. Start by using these steps:

Intention: Know your intention, ask why it is important? What are the benefits?

Get started: Take action on one strategy you learned within the next 24 hours.

Commit: Your Time, Money, & Energy

Engage the process!: Motivation, celebration, evaluate what's working or not working to keep moving forward and ask someone to hold you accountable. Your success depends on it.

As a productivity coach and strategist, Cathy is passionate about helping individuals “Ignite Productivity & Accelerate Results by Leveraging their Natural Productivity Style.” Cathy’s purpose in life is to provide coaching, teaching, and tools to people who are hungry to spend more time with family, enjoy their careers and live a less stressed and carefree life. For more information please visit. www.TheProductivityExperts.com or email cathy@theproductivityexperts.com