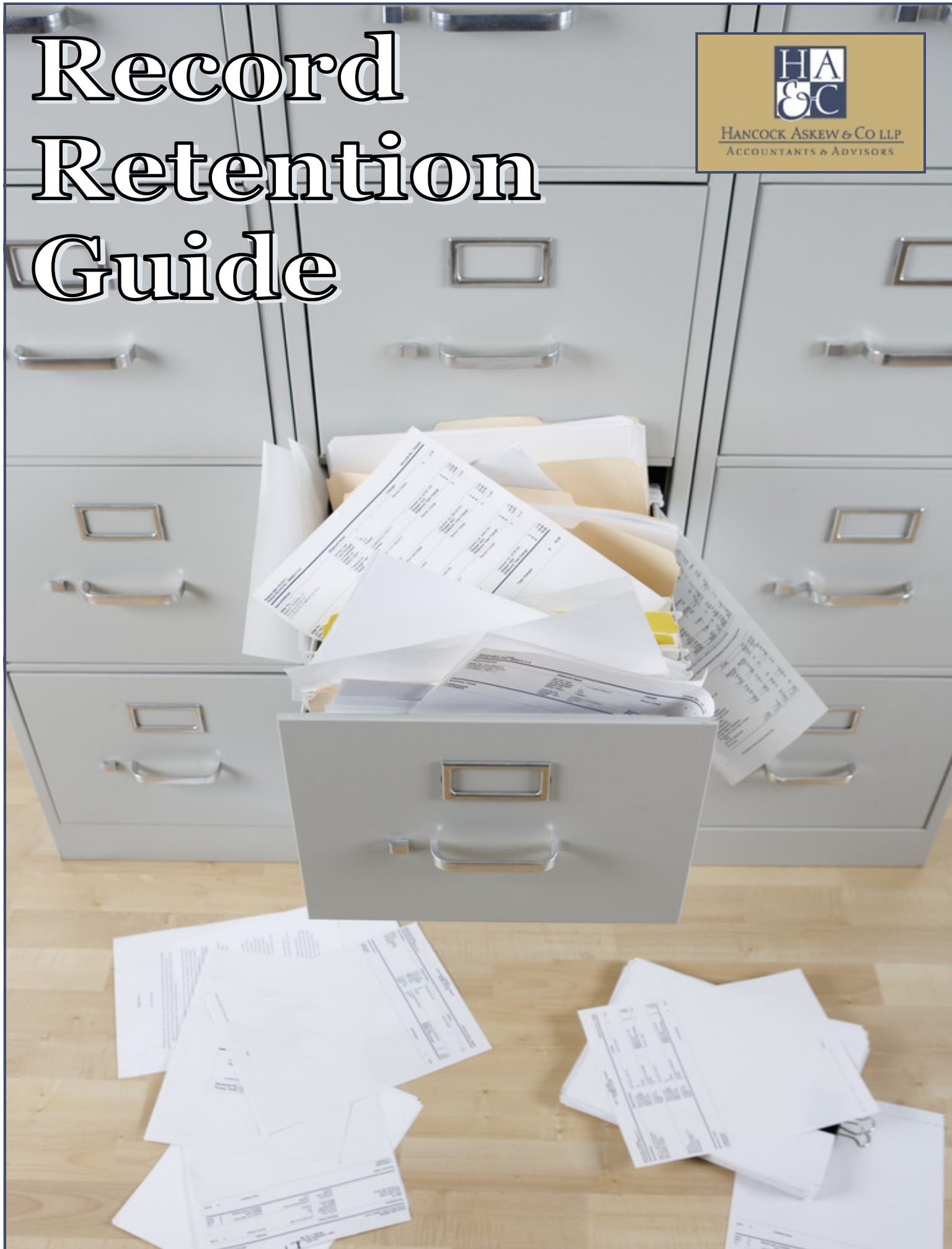


# Record Retention Guide



HANCOCK ASKEW & CO LLP  
ACCOUNTANTS & ADVISORS



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## Accounting Systems

| Type of Document  | Suggested Retention Period |
|---|----------------------------|
| Accounts Payable Ledgers & Schedules  | 7 years                    |
| Accounts Receivable Aging Reports   | 7 years                    |
| Accounts Receivable Ledgers & Schedules   | 7 years                    |
| Accounts Receivable Invoices  | 7 years                    |
| Accounts Written-off  | 7 years                    |
| Authorization - Accounting  | 5 years                    |
| Balance Sheets  | Permanent                  |
| Bank Reconciliations  | 7 years                    |
| Bank Statements   | 7 years                    |
| Bank Deposit Slips  | 3 years                    |
| Duplicate Deposit Slips   | 1 year                     |
| Budgets   | 3 years                    |
| Canceled Checks (but see exception below)   | 10 years                   |
| Checks - canceled for important payments. i.e., taxes, purchases of property, special contracts, etc. (checks should be filed with the papers pertaining to the underlying transaction) | Permanent                  |
| Canceled Dividend Checks  | Permanent                  |
| Cash Book   | Permanent                  |
| Cash Disbursement & Receipt Record  | Permanent                  |
| Cash Sales Slips  | 7 years                    |
| Charge Slips  | 7 years                    |
| Charts of Accounts  | Permanent                  |
| Check Register  | Permanent                  |
| Expense Analyses & Expense Distributions Schedules  | 7 years                    |
| Expense Reports   | 7 years                    |
| Financial Statements  | Permanent                  |
| General & Private Ledgers (and end-of-year trial balances)  | Permanent                  |
| Investment - Sales/Purchases  | Permanent                  |

| Type of Document                     | Suggested Retention Period |
|--------------------------------------|----------------------------|
| Journal Entries                      | Permanent                  |
| Petty Cash Records                   | 7 years                    |
| Petty Cash Vouchers                  | 3 years                    |
| Profit / Loss Statements             | Permanent                  |
| Purchase Order                       | 7 years                    |
| Sales Records                        | 7 years                    |
| Stock & Bond Certificates (canceled) | 7 years                    |
| Stockroom Withdrawal Forms           | 1 year                     |
| Subsidiary Ledger                    | Permanent                  |
| Time Books                           | 7 years                    |
| Trial Balance                        | Permanent                  |
| Vendor Invoices                      | 7 years                    |
| Voucher Check Copies                 | 7 years                    |

## Taxation

| Type of Document                 | Suggested Retention Period |
|----------------------------------|----------------------------|
| Tax Free Reorganization          | Permanent                  |
| 338 Election                     | 7 years                    |
| Canceled Checks - Tax Payments   | Permanent                  |
| Correspondence - Tax             | Permanent                  |
| Depreciation Schedules           | Permanent                  |
| Income Tax Returns               | Permanent                  |
| Inventory Reports                | Permanent                  |
| FUTA/FICA/Income Tax Withholding | 4 years                    |
| Payroll Tax Returns              | Permanent                  |
| Revenue Agent Reports            | Permanent                  |
| Sales Tax Returns                | Permanent                  |
| Transfer Pricing                 | 4 years                    |

## Fixed Assets

| Type of Document                                    | Suggested Retention Period |
|---|----------------------------|
| Depreciation Schedule                               | Permanent                  |
| Inventory Records                                   | Permanent                  |
| Physical Inventory Tags                             | 3 years                    |
| Plans and Blueprints                                | Permanent                  |
| Plant Cost Ledger                                   | Permanent                  |
| Property Appraisals                                 | Permanent                  |
| Property Register                                   | Permanent                  |
| Purchase Orders (except purchasing department copy) | 1 year                     |
| Purchase Orders (purchasing department copy)        | 1 year                     |
| Records for Property Subject to Depletion           | Permanent                  |

## Accounting Firms

| Type of Document     | Suggested Retention Period |
|----------------------|----------------------------|
| Tax Return Preparers | 4 years                    |
| Tax Return Prepared  | 4 years                    |

## Insurance

| Type of Document  | Suggested Retention Period |
|---|----------------------------|
| Automobile Insurance Claims   | 10 years                   |
| Disability Insurance Claims - After Termination                     | 7 years                    |
| Expired Insurance Policies  | 10 years                   |
| Fire Inspection Reports   | 6 years                    |
| Insurance Appraisals  | 6 years                    |
| Insurance Records, Current Accident Reports, Claims, Policies, etc. | Permanent                  |
| Safety Records  | 6 years                    |
| Foreign Insurance Policies  | 3 years                    |

## Corporate Records

| Type of Document                                   | Suggested Retention Period |
|--|----------------------------|
| Amendments   | Permanent                  |
| Annual Reports                                     | Permanent                  |
| Articles of Incorporation                          | Permanent                  |
| Audit Reports - Public                             | Permanent                  |
| Audit - Internal                                   | 6 years                    |
| Board of Directors - Committee                     | Permanent                  |
| Board of Directors - Minute Book                   | Permanent                  |
| Bylaws   | Permanent                  |
| Capital Stock Certificates                         | Permanent                  |
| Capital Stock Ledger                               | Permanent                  |
| Capital Stock Transactions                         | Permanent                  |
| Charter  | Permanent                  |
| Contracts & Leases - expired                       | 7 years                    |
| Contracts & Leases - still in effect               | Permanent                  |
| Contracts - After Termination                      | Permanent                  |
| Contributions                                      | 7 years                    |
| Correspondence (routine) with customers or vendors | 1 year                     |
| Correspondence (legal & important matters only)    | Permanent                  |
| Correspondence - Accounting                        | 5 years                    |
| Correspondence - General                           | Permanent                  |
| Dividend Register & Canceled Dividend Checks       | Permanent                  |
| Election Records                                   | Permanent                  |
| Financial Statements                               | Permanent                  |
| Invoices to Customers                              | 7 years                    |
| Invoices to Vendors                                | 7 years                    |
| Option Records (expired)                           | 7 years                    |
| Organizational Charts                              | Permanent                  |
| Partnership Agreement                              | Permanent                  |
| Savings Bond Registration Records of Employees     | 3 years                    |
| Stock Transfer Records                             | Permanent                  |
| Stockholders - Minute Book                         | Permanent                  |

## Payroll

| Type of Document  | Suggested Retention Period               |
|---|--|
| Contractors   | 3 years from date of completion contract |
| Checks - Payroll  | 7 years                                  |
| Commission Reports - Salesperson                              | 6 years                                  |
| Employee Withholding Exemption Certificates                   | 10 years                                 |
| Payroll Register  | 4 years                                  |
| Payroll Records - After Termination                           | 10 years                                 |
| Payroll Records & Summaries, including Payments to Pensioners | 7 years                                  |
| Salary History  | 8 years                                  |
| Time Reports  | 7 years                                  |
| W-2 Forms   | Permanent                                |
| Vacation/Sick Pay   | 4 years                                  |
| Large Food or Beverage Establishment Reporting Tips           | 3 years                                  |
| Employee Tip Substantiation                                   | 3 years                                  |

## Miscellaneous

| Type of Document                         | Suggested Retention Period |
|--|----------------------------|
| Receiving Documents                      | 10 years                   |
| Title Papers                             | Permanent                  |
| Vehicle Operating & Maintenance          | 2 years                    |
| Telecommunication Copies                 | 1 year                     |
| Prepaid Dues Income                      | 4 years                    |
| Financial Institution Loan Loss Reserves | Permanent                  |
| Mutual Savings Bank Bad Debt Reserve     | Permanent                  |
| Internal Reports                         | 3 years                    |
| Receiving Sheets                         | 1 year                     |
| Requisitions                             | 1 year                     |
| Stenographer's Notebooks                 | 1 year                     |

## Human Resources

| Type of Document                                  | Suggested Retention Period |
|---|----------------------------|
| Accident Reports - Settled                        | 7 years                    |
| Attendance Records                                | 7 years                    |
| Dental Benefits                                   | 5 years                    |
| Disability Benefits - After Expiration/Settlement | 7 years                    |
| Employee Medical History                          | 7 years                    |
| Employment Application - Not Hired                | 3 years                    |
| Garnishments                                      | 5 years                    |
| Life Insurance Benefits                           | 5 years                    |
| Medical Benefits                                  | 7 years                    |
| Pension Plan Agreement                            | Permanent                  |
| Performance Record - After Termination            | 7 years                    |
| Personnel File - After Termination                | 7 years                    |
| Personnel Files - Current Employees               | Permanent                  |
| Profit Sharing Agreement                          | Permanent                  |
| Safety Reports                                    | 5 years                    |
| Vacation Files                                    | 4 years                    |
| Workers' Compensation Benefits                    | 10 years                   |
| Sick Pay  | 4 years                    |
| Family & Medical Leave                            | 3 years                    |

## Security

| Type of Document               | Suggested Retention Period |
|--------------------------------|----------------------------|
| Classified Material Violations | Permanent                  |
| Visitor Clearance              | 2 years                    |

## Legal

| Type of Document  | Suggested Retention Period |
|---|----------------------------|
| Bill of Sale  | Permanent                  |
| Business Permits  | Permanent                  |
| Claims & Litigation Concerning Torts & Breach of Contract | Permanent                  |
| Contracts - Employees                                     | Permanent                  |
| Contracts - Government                                    | Permanent                  |
| Contracts - Labor Union                                   | Permanent                  |
| Contracts - Special                                       | Permanent                  |
| Copyrights  | Permanent                  |
| Correspondence - Legal                                    | Permanent                  |
| Deeds/Titles  | Permanent                  |
| Leases/Canceled   | 10 years                   |
| Licenses  | Permanent                  |
| Mortgages   | Permanent                  |
| Notes Receivable - Canceled                               | 10 years                   |
| Patents   | Permanent                  |
| Stock & Bond Record                                       | Permanent                  |
| Trademarks - Registered                                   | Permanent                  |

## Individual Records

| Type of Document   | Suggested Retention Period |
|--|----------------------------|
| Tax Return Copies  | Permanent                  |
| Medical Receipts   | 7 years                    |
| Forms 1099 Received  | 7 years                    |
| Forms W2 Received  | Permanent                  |
| 401 K / Keogh Statements   | 7 years                    |
| IRA Statements (deductible & nondeductible)                                      | 7 years / Permanent        |
| Loan Records / Forms 1098  | 7 years                    |
| Annuity Year End Statements  | 7 years                    |
| Insurance Policies - Life  | Permanent                  |
| Insurance Policies - Other   | 7 years                    |
| Major Purchase Receipts  | 7 years                    |
| Year-end Brokerage Statements / Trade Confirmations                              | 7 years                    |
| Certificates of Deposit Statements   | 7 years                    |
| Schedule K-1's from Partnership or S Corporation                                 | 7 years                    |
| House Records (canceled checks for purchase of major improvements & maintenance) | Permanent                  |
| Birth & Death Certificates   | Permanent                  |
| Medical Records  | Permanent                  |
| Wills  | Permanent                  |
| Trust Agreements   | Permanent                  |
| Detailed List of Financial Assets Held   | Permanent                  |
| Alimony, Custody or Prenuptial Agreements  | Permanent                  |
| Military Papers  | Permanent                  |
| Photos or Videotape of Valuables   | Permanent                  |

## How To Prove Certain Business Expenses

| IF you have expenses for: | THEN you must keep records that show details of the following elements:  |   |   |  |
|---------------------------|--|---|---|--|
|                           | Amount   | Time  | Place or Description  | Business Purpose and Business Relationship   |
| <b>Travel</b>             | Cost of each separate expense for travel, lodging and meals. Incidental expenses may be totaled in reasonable categories such as taxis, daily meals for traveler, etc.                                   | Dates you left and returned for each trip and number of days spent on business. | Destination or area of your travel (name of city, town, or other designation).  | Purpose: Business purpose for the expense of the business benefit gained or expected to be gained.<br><br>Relationship: N/A  |
| <b>Entertainment</b>      | Cost of each separate expense. Incidental expense such as taxis, telephones, etc., may be totaled on a daily basis.  | Date of entertainment. (Also see Business Purpose.)                             | Name and address of location of place of entertainment. Type of entertainment if not otherwise apparent. (Also see Business Purpose.) | Purpose: Business purpose for the expense of the business benefit gained or expected to be gained. For entertainment, the nature of the business discussion or activity. If the entertainment was directly before or after a business discussion: the date, place, nature, and duration of the business discussion and the identities of the persons who took part in both the business discussion and the entertainment activity.<br><br>Relationship: Occupations or other information (such as names, titles, or other designations) about the recipients that shows their business relationship to you. For entertainment, you must also prove that you or your employee was present if the entertainment was a business meal. |
| <b>Gifts</b>              | Cost of the Gift<br><br>Fair Market Value as of Date of Gift   | Date of the Gift  | Description of the Gift   |  |
| <b>Transportation</b>     | Cost of each separate expense. For car expense, the cost of the car and any improvement, the date you started using it for business, the mileage for each business use and the total miles for the year. | Date of the expense. For car expense, the date of the use of the car.           | Your business destination.  | Purpose: Business purpose for the expense.<br><br>Relationship: N/A  |