

# Ten Points About : Record Retention

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## INDIVIDUALS:

**1** Tax files — documents that support your tax return, deductions, and credits, such as receipts and cancelled checks, should be kept for seven years (note exceptions below), but the actual returns should be retained permanently.

**2** Banking records — keep separate files for checking and savings. Save your statements for a year to substantiate year-end 1099 statements. Cancelled checks can be discarded after a year, except when part of the tax file.

**3** Investment reports — keep separate files on each account you hold; different transactions have different tax consequences. At a minimum, you should keep this information until three years after you file the return reporting the sale.

**4** Retirement-plan information — keep files on all retirement plans including IRAs, 401(k) plans, and employer pension programs, and retain copies of all annual statements. These files should be maintained permanently.

**5** Insurance policies — copies of all current insurance policies should be maintained in separate files and kept permanently for 10 years after the policy expires.

## BUSINESS ENTITIES:

**6** Corporate records — tax returns, articles of incorporation, board of directors/stockholders' minute books, bylaws, capital stock certificates, and organization charts should be retained permanently.

**7** Accounting systems — accounting records such as balance sheets, cancelled dividend checks, cash-disbursement journals, and receipts journals should be retained permanently. Other records, such as payable and receivable ledgers, bank reconciliations, bank statements, and cash/charge slips, should be kept for seven years.

**8** Fixed assets — invoices or purchase documents that substantiate cost should be retained until seven years after the asset is disposed of or sold. Depreciation schedules and inventory records should be retained permanently.

**9** Human resources — most HR records such as settled accident reports, medical benefits, disability benefits, and personnel files should be retained for seven years after termination. Pension/profit sharing plan agreements and personnel files of current employees should be retained permanently.

**10** Legal documents — documents such as bills of sales, permits, all types of contracts, legal correspondence, deeds/titles, stock and bond records, and licenses should be retained permanently.



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