



# RECORD RETENTION FOR YOUR AGENCY

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*It is not a coincidence that recommended retention periods correspond to most statutes of limitations.*

**IT'S A SMALL WORLD** and the space required to store all of the endless records, documents and books kept by an agency can make your world (or at least your office) even smaller. With the cost of space at a premium, the long-term trend is heading towards a paperless environment. Some say this day may never come. Still others are already storing documents digitally as the

technology becomes more cost efficient. If you are not quite on the cutting edge of document management and find yourself asking the question, "How long do I need to keep all of this paperwork?" The tables below may be helpful.

Based on an analysis of case law, the Internal Revenue Code ("IRC"), IRC Regulations and various other sources, the following tables are guidelines for the retention of the typical records your agency may accumulate.

Because of the detailed nature of these items and the fact they may also be included as part of the documents in the next category, they may not need to be kept beyond 3 years.

### Items With a 3-year Retention

- Bank Deposit Slips
- Bank Reconciliations
- Insurance Policies (after expiration)
- Petty Cash Records
- Travel Records (employees)

Most agencies will keep the below items for seven years. It is not a coincidence that this period corresponds to most statutes of limitations.

### Items With a 7-year Retention

- Accounting Records
- Annual General Ledgers
- Bank Statements
- Checks
- Client 1099/1042 Forms
- Employee Contracts
- Equipment Leases
- Expense Reports
- Fixed Asset Records

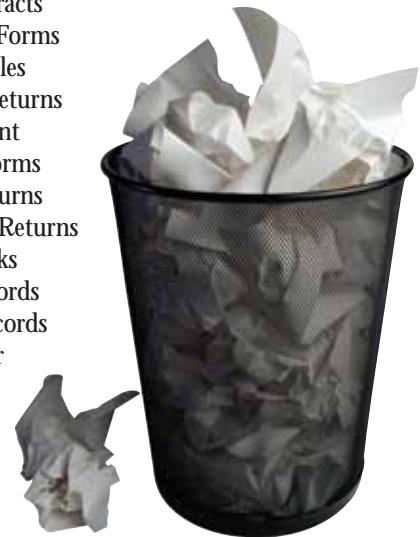
### (7-Year Items continued)

- Notes (cancelled)
- Paid Bills
- Pay Checks
- Payroll Tax Returns
- Personnel Files
- Unemployment Claims
- W-2 Forms
- Withholding Certificates (W-4)

Some agencies do not bother to distinguish 3-year documents from 7-year documents. However, the items in this category clearly deserve the distinction of permanent items.

### Items With Permanent Retention

- Appraisals
- Articles of Incorporation
- Client Contracts
- Client W-9 Forms
- Deeds & Titles
- Estate Tax Returns
- Foreign Client W-8BEN Forms
- Gift Tax Returns
- Income Tax Returns
- Minute Books
- Pension Records
- Property Records
- Stock Ledger
- Trademark Records
- Year-end Financial Statements



It should be understood that the above information is merely a practical guideline and not a rule. As such, each agency should consult with their advisors on individually appropriate record retention policies.



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