



Business Record Retention Guidelines

The following information provides a general guideline for the retention of many records. Due to the magnitude of legal requirements, as well as the specific needs of each company, it is advisable to consult legal counsel before implementing a tailored records retention policy. In addition to these general guidelines, each business should consider any industry standards that may affect the holding period of records due to unusual legal circumstances.

The retention periods below reflect requirements currently in effect. Because record retention periods are constantly changing, it is necessary to evaluate record retention policies and programs periodically.

Accounting Records

Auditors' report and annual financial statements	Permanent
Bank reconciliations	7 years
Bank statements and deposit slips	7 years
Budgets	2 years
Cancelled checks (general, payroll, payroll-related taxes)	7 years
Cancelled checks (fixed assets and income taxes)	Permanent
Cash disbursements journal	Permanent
Cash receipts journal	Permanent
Correspondence	3 years
Currency transactions reports	5 years
Dividend checks	Permanent
Employee expense records	7 years
Fixed assets records (invoices, depreciation schedules)	Permanent
Financial statements (annual)	Permanent
Freight bills	4 years
General ledgers and year-end trial balances	Permanent
Inventory records	7 years
Open accounts (MI)	6 years
Petty cash vouchers	4 years
Production and sales reports	7 years
Promissory notes (MI)	6-10 years
Purchase journals	Permanent
Purchase orders	7 years
Subsidiary ledgers (accounts receivable, accounts payable, etc.)	7 years

Administrative and Corporate Records

Annual reports	6 years
Articles of incorporation (and any amendments)	Permanent
Ballots and proxies	6 years
Buy-sell agreements	Permanent
By-laws	Permanent
Capitol stock and bond records	Permanent
Contracts and leases (after expiration)	7 years
Copyright and trademark records	Permanent

Administrative and Corporate Records (continued)

Dividend registers	Permanent
Government contracts and subcontracts	At least 3 years
Insurance records, policies, etc.	Permanent
Legal correspondence	Permanent
Liquidation of subsidiaries records	Permanent
Mergers and combinations records (antitrust)	Permanent
Minutes	Permanent
Mortgages and notes (after expiration)	6 years
Oral contracts memorandum (MI)	6 years
Patents and patent licenses	26 years
Partnership agreements	Permanent
Real estate title documents (MI)	15 years
Reorganization records	Permanent
Securities offer or sales records	Permanent
Stock certificates and ledgers	Permanent
Union (labor) contracts	Permanent

Environmental Protection Records

(see also Environmental Protection Laws on page 3)

Judicial, administrative and compliance documents	Permanent
Permits	Permanent
NPDES monitoring records	3 years
RCRA generator's manifests, biennial reports, test results, waste analyses	3 years
RCRA land ban documents	3 years
Air emissions — renewable operating permit monitoring records	5 years
Air emissions — continuous emissions monitoring system records	2 years
EPCRA — TRI reports/documents	3 years
USTs — sampling, testing and monitoring records	2 years
USTs — tank and piping tightness testing records	5 years
USTs — closure records	3 years
TSCA — PCB generator manifests	3 years
TSCA — PCB spill cleanup records and decontamination certifications	5 years
TSCA — Section 8(a) reports, documents and customer notices/return receipts	3 years

Personnel Records

§6047(b) trust or retirement plan contribution	Until distributed
Collective bargaining agreements	6 years
Employment application (from date of termination)	3 years
Employee files (current employees)	Permanent
Employee files (after termination)	7 years
Employee manuals/handbooks	Permanent
FICA records	4 years
FMLA documents	3 years
Form I-9 Employment Eligibility Verification (after date of hire)	3 years
H-1B labor conditions application public access file	1 year after expiration
Paychecks, W-2 Forms, W-4 Forms, 1099 Forms	7 years
Payroll records	7 years
Preparer information	3 years
Time cards and daily time reports	4 years
Unemployment insurance (MI)	6 years
Wage and hour records	5 years
Workers' compensation (MI)	2 years

Employee Benefit Plans

Documents filed subject to Labor-Management Reporting and Disclosure Act of 1959	5 years
ERISA plan documents	6 years
Pension/profit-sharing informational returns (Form 5500)	Permanent
Plan and trust agreements	Permanent
IRS approval letter	Permanent
Actuarial reports	Permanent

Health and Safety Records

Asbestos monitoring/employee exposure measurements	At least 30 years
Chemical and toxic exposure records	At least 30 years
Employee exposure medical records and workers' allegations	5 years
Occupational injury/illness records	5 years
Occupational radiation exposure records	Authorized by Dept. of Energy

Tax Records

Business income tax	6 years
Cigarette and tobacco tax	4 years
Employment security tax	4 years
Federal income tax	6 years
Financial reports (annual)	Permanent
Financial statements	4 years
Payroll tax returns	Permanent
Sales and use tax	Permanent

Individual Records

Tax returns, W-2, 1099 (after filing)	6 years
Loan records (after payoff)	6 years
Medical bills (after payment)	6 years
Insurance policies (after expiration)	6 years
IRA records (after termination)	6 years
Major purchase receipts	6 years
Schedule K-1 (after disposition of interest)	6 years

Environmental Protection Laws

The following environmental federal statutes and regulations control types of records required and corresponding retention periods. They should be consulted for information relevant to a specific business:

- The Clean Air Act: <http://www.epa.gov/oar/caa/contents.html>
- The Clean Water Act: <http://www.epa.gov/region5/water/cwa.htm>
- The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA): <http://www.epa.gov/superfund/action/law/cercla.htm>
- The Resource Conservation and Recovery Act (RCRA): <http://www.epa.gov/rcraonline/>
- The Toxic Substance Control Act (TSCA): <http://www.epa.gov/region5/defs/html/tsca.htm>
- The Superfund Amendments and Reauthorization Act (SARA): <http://www.epa.gov/superfund/action/law/sara.htm>

Internal Revenue Code

Under the Internal Revenue Code, the following records are subject to the “materially” rule for determining retention time. The general requirement is that records must be kept as long as the contents may become material in the administration of any internal revenue law. Consult with legal counsel for suggested retention periods for these records:

- Employer accident and health records
- Pension, annuity, stock bonus, profit sharing records or other plans of deferred compensation
- Supplemental unemployment benefit trust records
- Travel, transportation, entertainment and other business expense records
- Records of depreciation of property
- Records of property held for the production of income
- Inventory records
- Records of expenditures through trademarks and tradenames treated as deferred expenses
- Records of inter-company transactions between members and an affiliated group
- Records of deductions for dividends paid (including cancelled dividend checks and receipts from shareholders acknowledging a payment) — all recommended to be kept indefinitely
- DISC corporation records sufficient to establish details of transactions
- Records relating to corporate organization and reorganization
- Transfer of property to the corporation controlled by the transferor
- Permanent records of tax treatment of corporate reorganizations
- Records pertaining to §1244 stock shareholders and S corporation shareholders
- Reports required under the Tax Equity and Fiscal Responsibilities Act (TEFRA), including brokers reports, state refunds, trade or business payments and tip income
- Records sufficient to establish the details of the required pension withholding under TEFRA
- Records relating to property for which basis must be determined to compute gain or loss upon disposition, depreciation, amortization or depletion — should be retained at least until a taxable disposition is made

Cautionary Note Regarding Sarbanes-Oxley

The Sarbanes-Oxley Act of 2002 created record retention requirements that apply to all companies, whether or not publicly traded. For example, Section 802 provides that it is a crime for someone to intentionally destroy, alter, mutilate, conceal, cover up or falsify any records, documents or tangible objects that are involved in (or could be involved in) a U.S. government investigation or prosecution of any matter or in a Chapter 11 bankruptcy filing.

Section 1102 expanded the existing statute regarding obstruction of justice to make it a crime to corruptly alter or destroy a record, document or other object, “with the intent to impair the object’s integrity or availability for the use in an official proceeding.”

The penalty for violating either Section 802 or Section 1102 is a fine, imprisonment for not more than 20 years or both. These sections apply not only to hard copies of all documents but also to e-mail, voice mail, PDAs and other forms of electronic hardware and software. Therefore, it is recommended that record retention policies specifically refer to these types of tools.

Your company’s record retention policy should provide that the (otherwise permissible) destruction of a document or documents cease immediately upon any indication of impropriety or threat of a federal investigation or proceeding. You should also have a procedure in place to notify all employees promptly of the existence of any such event. It is also recommended that you have a “point person” to field questions from employees and to communicate specific requirements and instruction, including, when necessary, the instruction to cease destruction of documents.

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