

Record Retention Guides

It is important to hold onto your personal records for the purposes of tax return preparation, personal use and emergency situations. Kahn, Litwin, Renza & Co., Ltd. (KLR) has established this retention guide for individuals to use that takes into account tax regulations. The retention periods are intended to serve as a guideline only and your personal judgment should always prevail. If you have questions about your records, please contact a KLR professional immediately.

For Individuals

How long to keep records is a combination of judgment and state and federal statutes of limitations. Since federal tax returns can generally be audited for up to three years after filing and up to six years if the IRS suspects underreported income, it's wise to keep tax records at least seven years after a return is filed. Requirements for records kept electronically are the same as for paper records.

Document	Retention Period
Bank Statements	3 years
Canceled Checks	3 years
Charitable Contributions	Keep with applicable tax return.
Credit Purchase Receipts	Discard after purchase appears on credit card statement if not needed for warranties, merchandise returns or taxes.
Credit Card Receipts	Discard after payment appears on credit card statement.
Employee Business Expense Records	Keep with applicable tax return.
Health Insurance Policies	Keep until policy expires, lapses or is replaced.
Home & Property Insurance	Keep until policy expires, lapses or is replaced.
Income Tax Returns & Records	Permanently
Investment Annual Statements & 1099's	Keep with applicable tax return.
Investment Sale & Purchase Confirmation Records	Discard sale confirmation records when the transactions are correctly reflected on the monthly statement. Keep purchase confirmation records 3-6 years after investment is sold as evidence of cost.
Life Insurance	Keep until there is no chance of reinstatement. Discard premium receipts when notices reflect payment.
Medical Records	Permanently
Medical Expense Records	Keep with applicable tax return if deducted
Military Papers	Permanently (may be required for possible Veteran's benefits)
Individual Retirement Account Records	Permanently
Retirement Plan Statements	3-6 years. Keep year-end statements permanently.
Passports	Until expiration
Pay Stubs	1 year. Discard all but final, cumulative pay stubs for the year.
Personal Certificates (birth, death, marriage, divorce, religious ceremonies)	Permanently
Real Estate Documents	Keep 3-6 years after property has been disposed of and taxes have been paid.

For Businesses

In business, good record keeping is essential, not only for tax reporting purposes but also for the success of the company. The guidelines below give retention periods for the most common business records.

Document	Retention Period
Accident reports / claims (settled cases)	7 years
Accounts payable ledgers & schedules	Permanently
Accounts receivable ledgers & schedules	8 years
Audit reports	Permanently
Bank statements	10 years
Capital stock & bond records	Permanently
Cash books	Permanently
Charts of accounts	Permanently
Cancelled Checks	7 years (Permanent for real estate purchases)
Checks (canceled except those noted above)	10 years
Contracts and leases (expired)	Permanently
Correspondence, general	Permanently
Correspondence (legal and tax related)	Permanently
Deeds, mortgages & bills of sale	Permanently
Deposit slips	3 years
Depreciation schedules	Permanently
Employee personnel records (after termination)	7 years
Employee applications	3 years
Expense reports	7 years
Financial statements (year-end)	Permanently
General ledgers, year-end trial balances	Permanently
Insurance policies (expired)	10 years
Insurance records, accident reports, claims, policies, etc.	Permanently
Internal audit reports (miscellaneous)	3 years
Inventory records	Permanently
Invoices to customers or from vendors	7 years
IRA / Keogh plan contributions, rollovers, transfers & distributions	Permanently
Minute books of directors, stockholders, bylaws & charters	Permanently
Payroll records & summaries	7 years
Tax returns	Permanently
Petty cash vouchers	7 years
Purchase orders	7 years
Receiving sheets	1 year
Retirement plan records	Permanently
Safety records	6 years
Sales records – Cash	7 years
Sales records – Charge	10 years
Subsidiary ledgers	Permanently
Tax returns, revenue agents' reports & other documents relating to determination of income tax liability	Permanently
Time cards and daily reports	7 years
Trademark registration, patents & copyrights	Permanently
Trial balances (monthly)	3 years
W-2 Forms	Permanently



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