

RECORD RETENTION GUIDE



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RECORD RETENTION FOR INDIVIDUALS

Good recordkeeping can cut your taxes and make your financial life easier.

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. Generally, follow these recommended retention periods for various documents:

RECORD	RETENTION PERIOD
Tax returns (uncomplicated).....	7 years
Tax returns (all others).....	Permanent
W-2s.....	7 years
1099s.....	7 years
Bank deposit slips.....	7 years
Bank statements.....	7 years
Cancelled or substitute checks supporting tax deductions.....	7 years
Charitable contribution records.....	7 years
Credit card statements.....	7 years
Dividend reinvestment records.....	Ownership period + 7 years
Divorce documents.....	Permanent
Estate planning documents.....	Permanent
Home purchase and improvement documents.....	Ownership period + 7 years
Home repair receipts.....	Warranty period for item
Insurance policies.....	Life of policy + 3 years*
Investment purchase and sales documents.....	Ownership period + 7 years
IRA annual reports.....	Permanent
IRA nondeductible contributions Form 8606.....	Permanent
Loans.....	Term of loan + 7 years
Mutual fund annual statements.....	Ownership period + 7 years
Receipts, diaries, logs pertaining to tax return.....	7 years
Retirement plan annual reports.....	Permanent
Year-end brokerage statements.....	Ownership period + 7 years

*Check with your agent. Liability for prior years can vary.

RECORD RETENTION FOR BUSINESSES

In business, good recordkeeping is essential not only for tax reporting purposes but also for the success of the company. The guidelines below give general retention periods for the most common business records. Call us if you'd like more information or assistance with your record retention program.

ACCOUNTING RECORDS	RETENTION PERIOD
Accounts payable.....	7 years
Accounts receivable.....	7 years
Audit reports.....	Permanent
Chart of accounts.....	Permanent
Depreciation schedules.....	Permanent
Expense records.....	7 years
Financial statements (annual).....	Permanent
Fixed asset purchases.....	Permanent
General ledger.....	Permanent
Inventory records.....	7 years (1)
Loan payment schedules.....	7 years
Purchase orders (1 copy).....	7 years
Sales records.....	7 years
Tax returns.....	Permanent
BANK RECORDS	
Bank reconciliations.....	2 years
Bank statements.....	7 years
Cancelled or substitute checks.....	7 years (2)
Electronic payment records.....	7 years
CORPORATE RECORDS	
Board minutes.....	Permanent
Business licenses.....	Permanent
Bylaws.....	Permanent
Contracts - major.....	Permanent
Contracts - minor.....	Life + 4 years
Insurance policies.....	Life + 3 years (3)
Leases/mortgages.....	Permanent
Patents/trademarks.....	Permanent
Shareholder records.....	Permanent
Stock registers.....	Permanent
Stock transactions.....	Permanent
EMPLOYEE RECORDS	
Benefit plans.....	Permanent
Employee files (ex-employees).....	7 years (4)
Employment applications.....	3 years
Employment taxes.....	7 years
Payroll records.....	7 years
Pension/profit sharing plans.....	Permanent
REAL PROPERTY RECORDS	
Construction records.....	Permanent
Leasehold improvements.....	Permanent
Lease payment records.....	Life + 4 years
Real estate purchases.....	Permanent

1 Permanent for LIFO system.
2 Permanent for real estate purchases.
3 Check with your agent. Liability for prior years can vary.
4 Or statute of limitations for employee lawsuits.