



STORAGE & DESTRUCTION

Record Retention Best Practices for SM



Karen Schwartz January 27, 2018

If you're like most small business owners, you're working on razor-thin margins in tight quarters. Turning a profit means keeping as much space as possible available for merchandise — not old records that may or may not be necessary to keep around.

With space at a premium, it's simply impractical to keep everything. The good news is that, with a little planning, it's perfectly okay to get rid of some of your business records. The key is coming up with some record retention best practices that take into account your industry, government regulations and common sense.

Record retention best practices spell out how long certain records must be retained, when they can be destroyed and how they can be destroyed. The length of time you should keep documents — both physical and electronic — depends

on their category and what regulations they may be subject to. Here are some of the most common categories:

Tax returns: To be on the safe side, keep tax records for seven years.

Corporate records: Records like bylaws, Articles of Incorporation, corporate resolutions, and board and committee meeting agendas and minutes should be retained indefinitely.

Insurance records: Current insurance policies and all information related to insurance claims should be kept indefinitely.

Real Estate: Deeds should be kept permanently.

Financial records: Tax records, financial statements, payroll records, general ledgers, check registers and checks, investment performance reports and contracts and agreements, should be kept for seven years.

Human Resources: Employee personnel files and retirement plan benefits should be kept indefinitely; workers comp claims and withholding tax statements should be kept for seven years; time sheets should be kept for three years.

Software and hardware licenses and support agreements: These should be kept for seven years after the end of license time frames.

There are also a few cases where records can be destroyed immediately. The first is if the original record has been duplicated [electronically](#). While some companies choose to keep the original as well, it's not necessary; the law says that the electronic record is not considered the permanent record unless the original has been destroyed. It's also okay to destroy records that have been certified as erroneous, and those deemed to be bona fide duplicates.

When it comes to [destroying records](#), make sure the method you choose is permanent, secure and appropriate for the medium. For physical records, the choices include shredding, burning, macerating (decomposing with a solvent) or burying in a landfill. Secure shredding is the most common choice. For [electronic records](#), which can exist on various types of external or internal drives or media, it's a little more tricky. Simply dragging the files to the trash bin doesn't do the trick. Instead, it's important to either physically destroy

the storage media where the files reside, purge hard drives or overwrite data securely.

By following these record retention best practices, you'll not only ensure that you're keeping important records but you'll gain some valuable real estate to boot!

Tags: [records destructor](#), [records retention](#)



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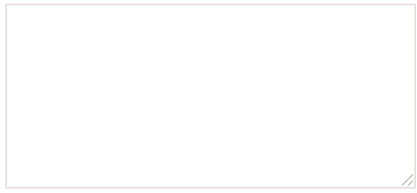
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