



## STORAGE & DESTRUCTION

# Year-End Planning: What to Keep and



Karen Schwartz January 27, 2018

When business owners think about the end of the year, many think about office parties, sales figures and slacking off (a bit) at work. However, smart business owners resist that urge — at least a little.

It's great to reward employees with a party and a slower pace, but the final months of the year are the perfect time to consider organizing and cleaning up records and files. You can prepare for a fresh start in the new year by doing some planning ahead of time.

Before embarking on year-end planning, first take inventory of what you have. Typically, this includes accounts receivable and payable, receipts, employee records, customer records, inventory and other business records. Over time, these records have probably become a bit out of control; not only have they grown substantially over the year, but they may be

in disarray. This is a good time to organize these records (if you haven't already).

If you use paper records, it's a matter of creating files and folders and filing all records appropriately. Meanwhile, organizing [digitized records](#) require only a few clicks. If you use an automated service, your records are probably in good shape.

Next, determine what documents you need to keep in the new year — and which you can discard. Customer records are invaluable, and small businesses with an eye on future growth will keep them *indefinitely*.

Tax regulations are complex, so most experts advise retaining everything for seven years, just in case. This includes not only tax returns, but accounts receivable and payable, as well as payroll; employee receipts for expenses related to meal, travel and entertainment; proof of purchase of fixed assets; and miscellaneous purchases made for the business.

The other major category when it comes to year-end planning is employee and personnel records. This includes hiring documents, performance reviews, training records, medical insurance information, termination letters and employee income data, as well as Social Security and Medicare tax information. Federal law specifies how long each of these types of documents must be retained, ranging from one year to three years after an employee's termination date. The Society for Human Resource Management developed a great [chart](#) that explains all of these rules clearly.

Deciding what to keep (and what to discard) as the new year rolls around can be a long, arduous task if done in-house. It requires attention to detail and *a lot* of time — time that could be better spent focusing on new initiatives and strategies to improve productivity and sales in the coming year. Instead, many small businesses choose to outsource the job.

Organizations that rely on paper documents may still have to go through all documents, but they can outsource the [secure destruction](#) of files they no longer need. Companies that have gone digital can automate the entire process by [engaging a third party](#) to set up an automated [records retention](#) and destruction policy that's specific to their business.

Take the time to clean up your records and files — and when Jan. 1 rolls around, move forward without looking back.

Tags: [automation](#), [destruction](#), [planning](#), [records](#), [year end](#)



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