

Retention Schedule

Retention scheduling is the process of discerning the life of the record in each stage of the record life cycle. This includes regulatory requirements of federal, state and local government agencies, as well as, the practical business life of records.



The information that follows was developed by PRISM International. To learn more about PRISM go to www.prismintl.org.

Retention Schedule Information

All businesses, regardless of size, would find it impossible to survive today without keeping detailed records. But records begin to take up space which, as we know, is one of the primary business needs our industry fulfills. Like our customers, we, as commercial records center owners, are faced with the same mounting avalanche of our own business records.

Out of sheer necessity, we must maintain our records as efficiently as we advise our customers to maintain their records. Many of our customers have established records retention schedules, while many more have requested our assistance in helping them establish schedules for their company. Does your records center have its own records retention schedule in place?

Our purpose here is not to create a schedule for you, nor are we attempting to establish time periods to maintain records, as retention periods for specific records are the responsibility of each independent organization. Our purpose is to guide you to sources currently available which will assist you in the creation of your company's unique records retention program. An important point to remember is that no two company retention schedules are exactly alike.

There are a variety of resources to draw from when making retention recommendations and a partial list of these resources can be found at the end of this report. Many of the record keeping requirements imposed by the government may also be found in these publications. We do strongly suggest that, due to the possibility of litigation, any company's proposed records retention schedule be reviewed by its legal counsel, as these are the people who will be called upon to defend the program.

Records...

...are defined as "those documents created or received as evidence of company activities containing information needed to conduct company business and having a certain time value."

A records retention schedule...

...is a time table which is used to identify the length of time a record must be retained in active or inactive status, and when and if the record may be destroyed.

...determines the value of information through careful study and evaluation at the time the schedule is established.

...is an official legal corporate document indicating the length of time groups of records or series of records in an organization's information system are to be retained.

...provides clear direction for the final disposition of company information.

Benefits of a records retention schedule include...

...reduced office space requirements due to the elimination of unnecessary records.

...improved operational efficiency, since users will save time and effort locating current records.

...consistency in records disposition through following procedures for the maintenance and disposal of records.

...compliance with legal retention requirements.

...protection in litigation or audit through the identification of those records that will need to be maintained and possibly produced.

Retention evaluation must include all information, regardless of media required to be maintained to satisfy operational, legal, fiscal, and historical requirements.

The Operational (or user) retention period reflects the period the organization needs the records so that employees are able to perform their jobs. There are times when records are kept longer for operational requirements than they are for actual legal requirements.

The Legal retention period reflects the period the organization needs records for legal and tax purposes, the potential need for the records during future litigation and the requirements of state or federal regulatory agencies.

The Fiscal retention period deals with those records which relate to the financial transactions of the organization, especially those required for audit or tax purposes.

The Historical retention period deals with those records which document past events, often as a record of the organization's origins and activities. These records will be reviewed periodically to determine if they have continued historical value.

Before committing to a particular plan, you should know which records you are required to keep, as well as the length of time they must be held under state and federal law. Following are examples of some basic records requirements as found in Recordkeeping Requirements by Donald S. Skupsky (see resource list) and recommendations from Culton, Immelman & Associates (see resource list):

Federal Tax Records: Most tax records must be kept for six years from the end of the year in which the records were created. If income has been understated by 25 percent or more, tax records are to be maintained for seven years from the end of the year in which the records were created. Employment tax records are to be kept for six years from the end of the calendar year.

Payroll: FICA and FUTA regulations have the longest retention periods; therefore, keep payroll records for at least six years.

Employment Applications: One year for all positions applied for.

Actions and Discriminations: Federal law 29-CFR 162033 states that these records must be kept for "last action," plus three years.

Employee Injuries & Illnesses: Until settlement plus five years. As a general warning, once any litigation or subpoena is received, all records in this area must be retained until settlement, plus five years.

Employee Medical Records & Hazardous Exposure Records: While the employee is active, plus thirty years; some indefinitely.

Employee Pensions and Benefits: While the plan is in effect, plus one year. Detailed records of employer contributions and payments should be kept for six years, and summary records of contributions are to be retained for an indefinite period in order to administer the benefit plan.

State Tax Records: Most states use the federal income tax return as part of the state return. The federal return and supporting documentation must be maintained for whatever period is required for state tax returns. Some states have limitations of action similar to the federal government's while others specify a retention period of four to six years, especially for sales tax records.

The following pages contain a sample schedule for use in a records retention program. Again, we must stress that no two company retention schedules are exactly alike. Consequently, no two company retention formats are exactly alike and, although the sample presented here represents a good approach, it is not endorsed by PRISM International as related to legality, completeness, utility, and appropriateness for specific requirements. Rather, this sample is presented as a suggestion, with the recommendation that each company develop approaches best meeting its needs.

Columns in this sample are defined as follows:

1. Name of department retaining records; i.e. Accounting, Legal, etc.
2. Each records retention schedule contains a sequential list of numbers (or an alpha code) corresponding to the record series listed. A record series may contain more than one type of document; i.e. a personnel file contains insurance forms, evaluations, etc.
3. Official name given to the group of records as assigned by the department who prepared the schedule.
4. Total length of time the record series is to be retained (office retention + storage retention = total).
5. Represents the length of time the record series is to be retained in the office before transfer to storage.
6. Length of time the record series is to be retained in storage before final disposition.
7. Special remarks related to the record series. For example, "after CY or FY created" indicates a set number of years after either the fiscal or calendar or fiscal year in which the record was created or received.

RESOURCES FOR THE RESEARCH AND ESTABLISHMENT OF A RECORDS RETENTION PROGRAM

Code of Federal Regulations. Office of the Federal Register, National Archives and Records Administration, Superintendent of Documents, U.S. Printing Office, Washington, D.C. 20402

The Computerized Record Retention Research Service. Immelman, Nancy. Culton, Immelman & Associates, 1603 E. Central Road, Arlington Heights, IL 60005. Phone: (704)640-6649.

Developing and Operating a Records Retention Program Guideline. ARMA International Publications Sales, 4200 Somerset Drive, Suite 215, Prairie Village, Ks 66208.

Guide to Records Retention. Hancock, W.A., Editor. Business Laws, Inc. 8228 Mayfield Road, Chesterland, OH 44026, 1987.

Guide to Records Retention Requirements in the Code of Federal Regulations. Office of the Federal Register, National Archives and Records Administration, Superintendent of Documents, U.S. Printing Office, Washington, D.C. 20402, 1989.

Legal Requirements for Business Records. Skupsky, Donald S. Information Requirements Clearinghouse, 3801 E. Florida Avenue, Suite 400, Denver, CO 80210, 1988.

National and International Records Retention Standards. Guymon, Fred E. Eastwood Publishing Co., 130 S. Eastwood Drive, Orem, UT 84058, 1991.

Recordkeeping Requirements. Skupsky, Donald S. Information Requirements Clearinghouse, 3801 E. Florida Avenue, Suite 400, Denver, CO 80210, 1989.

Records Retention Procedures. Skupsky, Donald S. Information Requirements Clearinghouse, 3801 E. Florida Avenue, Suite 400, Denver, CO 80210, 1989.

Taking Control of Your Office Records: A Manager's Guide. Aschner, Katherine. ARMA International Publications Sales, 4200 Somerset Drive, Suite 215, Prairie Village, KS 66208.

ABC COMMERCIAL RECORDS CENTER

RECORDS RETENTION AND DISPOSITION SCHEDULE

Site	Santa Ana 1	Department	Records Management		
Date	December 31, 1990	Contact	Pam Chamberlain		
Item No.	Record Series Name	Retention in (Yrs.)			Remarks
		Total	Office Storage		
1	S & S Agreements Active	P	P		Current Copy - Active
1	S & S Agreements Terminated	6	1	5	Dispose
1	Auths for Access Current	P	P		Current Copy - Active
1	Auths for Access Updated	2	1	1	Dispose
1	Transmittal Lists Active client	P	P		
1	Transmittal Lists Terminated Client	6	1	5	Dispose
1	Inventory Control Records - Active	P	P		
1	Inventory Control Records - Inactive	3	1	2	Dispose
1	Service Activity Records	4	1	3	Review for Historical
1	Destruct Requests	P	P	P	To Microfilm
1	Customer Correspondence	6	2	4	Dispose
1	Computer Programs Backups	5	1	4	
1	Computer Database Backups	5	1	4	
1	Computer Activity Tracking backups	2	1	1	Create hardcopy, dispose
2	Employment Appls.	1	1	0	Dispose
2	Employment Actions	LA +3	1	LA +2	Dispose
3	Corp. Fed. Tax. Rt.	6	2	4	Destroy