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EXPERT TIPS: BUSINESS RETENTION GUIDELINES

Small and medium businesses are currently facing a 'data tsunami' forced on them by regulatory preservation and compliance rules that dictate their handling of their electronically stored information.

What's the best strategy for managing this?

The paperless office will probably never happen. But while paper still clutters our desks, it's the electronic paper trail that is proving harder for most businesses to manage. What should you do with the paper and electronic business records your business accumulates each year? What has to be kept year after year, what can be destroyed or disposed of as soon as possible?

The IRS needs this, state law says that, federal laws say something else. Also, depending on the industry in which you work, the latest compliance regulations demand that you preserve very specific information.

Once you figure out WHAT to keep, you need to decide HOW to keep it. Should you scan the paper documents into the computer, or should you print out all the electronic correspondence and documents? As you weigh these decisions you need to factor in the cost of off-site paper storage, and the amount of hardcopy versus softcopy you will need to retain.



Once you have established the best policy for documents, you'll need to next think about email, IM, voice messages, and even SMS messages. What to keep? For how long? What can be purged immediately? These new forms of correspondence formats can generate far more volume than 'regular' correspondence.

Accessibility is another dimension to the problem - what you will have to produce for auditors or researchers if you have an IRS audit, litigation discovery or human resource issue? This may require you to go through paper files for prior years and electronic files from this time forward. The cost of such a discovery process of audit needs to be managed, both financially and in terms of its impact on your business' productivity.

Storage Guardian has been managing the preservation and retention of business-critical electronic records of companies for the past 10 years. As a result, we've developed some guidelines that apply to most businesses - but make sure to check with a legal expert familiar with the specific federal / state legislation for your industry.

Business Documents < 1 Year:

- Un-solicited correspondence by mail, fax, email, instant messaging
- All recorded voice messages, unless part of a contracted relationship

Business Documents for 1 Year minimum after IRS filing:

- Correspondence with customers, vendors (mail, fax, email, instant messaging)
- Purchase orders, receiving documents
- Requisitions, stockroom transfers
- Duplicate deposit slips

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Business Documents for 3 Years minimum after IRS filing:

- Administrative and fiscal correspondence (mail, fax, email, instant messaging)
- Employee applications, employment records after termination
- Employee time records
- Internal reports, Internal audit reports
- Bank statements, reconciliations
- Petty cash records
- Expired insurance policies

Business Documents for 6 years minimum after IRS filing:

- Payroll records, including pension payments
- Employment tax records
- Time books
- Accident reports, claims
- Accounts payable ledgers and schedules
- Accounts receivable ledgers and schedules
- Notes receivable ledgers and schedules
- Inventories of products, materials, supplies
- Cancelled checks (actual or images)
- Sales records
- Plant cost records
- Department copy purchase orders
- Invoices to customers
- Invoices from vendors
- Expense analysis and expense distribution schedules
- Subsidiary ledgers
- Travel and entertainment records
- Vouchers for payment to vendors, employees
- Vouchers registry, schedules
- Expired leases, contracts (including recorded voice messages, electronic correspondence for contract relationship)
- Cancelled stocks and bonds certificates
- Expired option records



Business records that should be kept in perpetuity:

Federal law does not require records be kept 'forever' but the following are retained 'indefinitely' for other reasons.

- Audit reports from CPAs and accountants
- Cancelled checks / funds transfers for important payments (especially tax payments)
- Cash books, charts of accounts
- Contracts, leases currently in effect (including recorded voice messages, electronic correspondence for contract relationship)

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- Corporate documents (incorporation, charter, by-laws, etc.)
- Documents substantiating fixed asset additions
- Deeds, property records
- Depreciation schedules
- Financial statements (year-end)
- General and private ledgers, year-end trial balances
- Insurance records, current accident reports, claims, policies
- Investment trade confirmations
- IRS revenue agents' reports
- Journals
- Legal records, correspondence and other important matters
- Minutes of meetings held by directors and stockholders
- Mortgages, bills of sale
- Property appraisals by outside appraisers
- Retirement and pension records
- Tax returns and worksheets
- Trademark and patent registrations

Storage Guardian and its trusted IT partners provide small and medium business with the off-site migration, protection, preservation and management of their electronic business records. With simple monthly 'pay-for-the-volume-of-storage-used' programs priced in the cents / GB / month range, compliance with retention guidelines is easily implemented.



Through the use of the Internet, all your electronic business records can be stored off-site in data centers and be accessible and recoverable in minutes, via the Web. Instead of placing hardcopies into cardboard banker boxes and then shipping these boxes off-site for storage, it can all be done electronically. This approach also relieves the continual addition of costly in-house data storage infrastructure to manage the 'data tsunami' of ageing business records.

Storage Guardian' data centers are used by financial institutions, governments, healthcare and all forms of small and medium businesses. The centers are certified to the financial industry's SAS 70 type I/II standards. This means all business records are encrypted before going off-site into storage to ensure access is restricted only to the owner - both while in transit and when in storage.

As more and more of your business is computer-based and involves electronic business records, now is the time to consider how you will handle your 'data tsunami'. Look to **Storage Guardian** and its partners for the solution to this problem - contact us today and learn how we can get you started on the road to the secure electronic business record management.