

# How Long Should You Keep Your Business Records?

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**D**octors often question how long they should retain their business records. In this post-Enron era, it's time to take a fresh look at how long you should retain your business records before destroying them without adverse legal consequences.

As practices keep growing, increased paperwork and storage burdens keep eating at valuable space. That's why doctors often call us and ask how long they must legally retain their clinical and business records to be safe.

It is often less expensive and vastly less dis-

ruptive simply to keep everything, rather than deciding what to throw out. Every time you review your files to decide what items must be kept, there is a gnawing concern that for some vaguely perceived reason all records should be saved. Why bother, you ask, when it's easier not to review them at all?

## When to Shred

Sooner or later, however, the old materials overwhelm your available space. This forces you to decide what to save and what to shred or otherwise destroy. The following records disposition schedule is based on our experience and on developing law. Since state laws may vary, be sure to discuss this schedule with your legal advisers before putting it into effect—especially if you are under investigation by the Securities and Exchange Commission, Internal Revenue Service, or other government agency.

## DISPOSITION SCHEDULE

### How Long to Keep

#### *Dental Records*

Patient charts. . . . . Permanently  
X-rays. . . . . Permanently  
Clinical correspondence (to patients, to referrers about patients, etc.) . . . . . Permanently

#### *Business Records*

Day sheets, patient billing or fee slips, and other original entry items . . . . . 7 years  
Internal monthly summaries, management reports, and interim financial reports . 3 years  
Internal year-end financial and management reports . . . . . 7 years  
Accountants' annual financial and management reports. . . . . Permanently  
Third-party insurance claims, records, and correspondence (if not on computer) . 7 years  
Purchase invoices and bills . . . . . 7 years

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Business correspondence—routine, low importance . . . . .	1 year
General . . . . .	3 years
Major legal and other important matters . . . . .	Permanently
Expired insurance policies (except malpractice) . . . . .	3 years
Malpractice insurance policies . . . . .	Permanently
Insurance records, current claims, reports, and related materials . . . . .	Permanently

*Banking Records*

Duplicate deposit slips . . . . .	1 year
Canceled checks (except as below) . . . . .	7 years
Canceled checks for major items, including taxes, major asset purchases, real estate improvements, special contracts, etc. (to be filed with papers for the underlying transaction) . . . . .	Permanently
Monthly bank statements . . . . .	3 years

*Employment Records*

Applications (except of employees actually hired). . . . .	3 years
Personnel records (including original applications) after termination. . . . .	3 years
Payroll records and summaries, including payroll tax forms . . . . .	7 years
Employee time sheets and/or time clock records . . . . .	7 years

*Tax Records*

Tax returns and any documents relating to tax audits and adjustments . . . . .	Permanently
Worksheets, lists, schedules, etc., supporting tax return items (generally) . . . . .	7 years
Documents, receipts, worksheets, etc., as to property (real estate, stocks, bonds, tax shelters, etc.) no longer owned . . . . .	Until property is disposed of plus 7 years

*Legal Documents*

Deeds, mortgages, and bills of sale of major items . . . . .	Permanently
Partnership agreements, corporate employment/shareholder agreements, etc. . . . .	Until expired plus 7 years
Corporate minute books, charter, bylaws, and minutes . . . . .	Until you cease being a shareholder plus 7 years
Promissory notes receivable and other documents of debt owing to you . . . . .	Until fully paid plus 7 years
Original promissory notes you have paid off (unless returned and marked “paid”) . . . . .	Permanently
Copies of promissory notes payable, payment schedules, and reports of debts you owe (after full payment) . . . . .	3 years
Canceled stock and bond certificates . . . . .	7 years