Records Retention (Richard R. Hammer, ChurchLawandTax.com)

Some churches maintain a "**destruction of records journal**". When the period of time for keeping a record has expired, the record is described in the journal before being destroyed.

Some records should be kept **permanently**. These include insurance policies, and screening forms and references. Insurance policies should be kept permanently because you will need them to establish what insurance company has a legal obligation to defend you in the event of an injury or loss occurring during the term of the insurance contract.

Screening forms and references are another category of record that should be **kept permanently**—for the same reasons as insurance policies. You may need them in the event of litigation occurring many years in the future.

Many kinds of corporate records should also be **kept permanently**. These include your corporate charter, bylaws, minutes of congregational and board meetings, and any annual corporate reports that you file with the secretary of state. Some tax records should be kept permanently, and these include any forms relating to your exemption from federal or state taxes.

Any document that you plan to keep permanently should be **stored in a secure location**. This means a locked and fireproof file cabinet, or some other suitable location. I also recommend that copies be **retained in another location**.

Federal law specifies that employers should retain a variety of payroll tax forms for at least 4 years following the next April 15th deadline. These include Forms W-2, W-4, 1099, and 941. The period for keeping other *tax records* generally corresponds to the period of time that the IRS can conduct an audit and assess back taxes. In most cases, this means that tax documents such as contribution records, records substantiating business expense reimbursements, and housing allowance designations should be retained for at least 6 years after the income tax deadline for the year in question. Note however that there is no limit on how far back the IRS can assess taxes in cases of fraud, filing a false return, willfully attempting to evade tax, or failing to file a return. If there is any possibility that one of these "unlimited" assessment periods may apply, then you should keep relevant records permanently.

More information can be found at churchlawandtax.com.