

Record Retention Guidelines

A question often arises on how long certain records should be retained by the church. Some sources will publish a detail schedule itemizing each item. For simplicity, it is easier to look at two groups of records. With few exceptions, almost all records will fall into one of these two groups.

Group 1 – RECORDS THAT SHOULD BE RETAINED FOR 5 YEARS

***Why 5 years?** An individual's tax records are generally subject to IRS audit and review for 3 prior years. Add some portion of the current year and some variations that occur due to times of the year and this often then stretches out to over four years. Some guides use the statement "4 years after the deadline of the individual's tax return" or "4 years after filing the return". These statements apply to any records related to both donors and employees. For simplicity, 5 years is suggested since it will generally safely cover that 4 plus year period. If there are unusual circumstances or questions related to a particular record, extend that time to be safe.*

Records that would generally be included in this group include:

- Offering Envelopes (* - See note below regarding an exception to 5 years for these.)
- Annual Contribution Statements
- Written acknowledgements of charitable contributions
- Written verification of participation in short-term mission projects approved by the church
- Substantiation of business related expenses that have been reimbursed by the church
- Designations of Housing Allowance for ministers
- Copies of IRS forms (Examples: 941, 945, W-2, W-9, 8283, 8282, 990-T)

* If a church gives donors an annual contribution statement, they should include a statement advising members to request any needed corrections to those statements within a certain time period. (Suggested Time: 10 months --- this allows adequate time for persons who request an extension for filing their taxes and use the October 15 deadline rather than April 15.) The statement should include an explanation that supporting documentation for these contributions will be destroyed after that time. If this is done, then the offering envelopes can be destroyed after that time period rather than holding them for 5 years.

Group 2 – RECORDS THAT SHOULD BE RETAINED PERMANENTLY

Many other records need to be retaining permanently. This would include all legal documents such as those related to the church property, church incorporation papers, constitution, bylaws, records regarding exemption from sales or property taxes, and other similar types of records.

Any documents related to church policies should be retained permanently. This would include things like job descriptions and policies related to employee compensation, benefits and expense reimbursement.

It is also advisable to permanently keep copies of any correspondence to/from the IRS or state and local taxing agencies. Sometimes these documents can prove to be relevant in future years.