

September 9, 2004

Dear Clients:

With the tax season now over, we are all seeing a pile up of tax forms and receipts. We are providing you with this informative letter to let you know just how long to hang on to all this paper.

Although the law does not require any special kind of record keeping retention for many payroll items, every employer should develop a record retention policy to ensure that records are available if necessary. Documentation related to payroll tax returns should be retained for a minimum of 4 years; however, longer times are suggested.

Here is a list of suggested guidelines to help employers with record retention.

Forms W-2 & W-3	4 years	Garnishments	6 Years
Miscellaneous payroll input information	4 Years	Stock Option Exercises	6 Years
Time Sheets	4 Years	Retirement Plan reports	6 Years
Payroll Tax Returns	4 Years to Indefinitely	Form I-9	The longer of 3 years from hire date or 1 year from termination
Flexible Spending Account (FSA) reports	6 Years	Employee Histories	4 Years
Quarterly Payroll Reports	6 Years	Time Off Reports	6 Years
Year-to-date payroll reports	6 Years	Bonus & Award Information	6 Years
Form W-4 (Per the IRS, a current form W-4 must be kept for all active employees. W-4's of terminated employees must be retained for four years)	4 Years to Indefinitely	Form 1099-MISC	4 Years

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