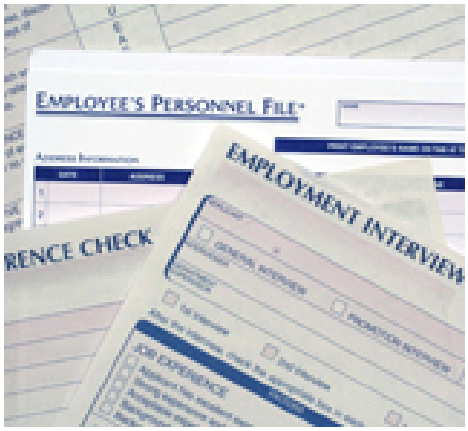
When To Save Personnel Files: A Guide To Human Resource Files



Knowing when to save personnel files can seem a bit intimidating at first. The potential consequences for making a mistake are much more serious than if you accidentally throw out a credit card statement too soon! When you start to worry about whether you should save personnel files or not, just keep in mind that as long as you understand your legal responsibilities and have a consistent system for each employee's files, you should be fine.

PERSONNEL AND HIRING FILES

As you consider potential employees, you will accumulate a large number of documents for each candidate: resume, letters of reference, possibly a background check, and even notes from the interview. If you hire the person, these papers should move to their official personnel file – along with their job offer, letter of acceptance, and contract. If you choose not to employ the person, their hiring file is then moved into archive storage, where it should be kept for 10 years. The chances that you would need to refer back to this file are slim, but should someone have a grievance against your company about your hiring practices, you need to be able to refer back to any notes or details about their situation.

HOW TO SAVE PERSONNEL FILES

You should keep an updated personnel file for each current employee. This will include items like:

- resume and official transcripts
- job application
- original job offer letter
- performance reviews
- requests for leave
- copies of past and current employment contracts
- notes of any disciplinary actions
- letters of commendation

It's best if you store information in chronological order. Place the oldest information in the back of the file and the newest in the front. You can even use a pressboard folder with clips on each side to differentiate types of documents. Use the left for hiring and review records, and the right for leave requests and other issues. You should save personnel files for 10 years after employment is terminated.

HOW TO SAVE PERSONNEL FILES ON BENEFITS

If you don't have a separate benefits department, you will need a system for organizing this information, as well. Each employee's benefits file will include any of the following offered through your company:

- health insurance
- disability coverage
- unemployment and worker's comp claims
- retirement, pension, or other financial plans

If you offer any other non-standard benefits, be sure to make a spot for these as well. You can either set up a series of color-coded files for each employee – ex: blue for health insurance, green for retirement plan, red for worker's comp claims, etc. Or you can create an accordion file for each person with a section assigned to each type of benefit. Just be sure to include all election and registration forms, notices of change to benefits, and claims in chronological order. And again, plan to keep these files for 10 years after the person leaves your company.

PAYROLL FILES

However you keep track of payroll (be it through a handwritten ledger or a computerized accounting program), it's a good idea to keep a hard copy of your records on hand in case the IRS decides to come knocking. At the end of each pay period, when you are done cutting checks, store a printout of the month's transactions along with the employer's copy of the paycheck stubs and any forms for submitting withholding payments in a banker's box. Use dividers to separate each pay period, and plan to keep these records for 6 years time.

RECORDS RETENTION GUIDELINES FOR PERSONNEL FILES

Most business records need to be kept for 6 years (if they are tax-related) or 10 years (if they are related to hiring, firing, or other employment actions). However, please understand that records retention rules can differ from industry to industry. So be sure to talk to your accountant and attorney if you are unsure about when you can toss something out. Your industry's professional association is another good resource for retention information – and you can always contact ARMA, the records management association, for help.

You now have a broad overview of how and when to save personnel files.

by Ramona Creel