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SPRING CLEANING FOR YOUR BUSINESS: CONSIDER YOUR DOCUMENT RETENTION PRACTICES

Spring is the season for cleaning and organization—and it can also be a good time for businesses to revisit their document retention policies. For any combination of paper files, emails, and digital records, having a thoughtful business records management strategy can help reduce risk, control storage costs, and ensure compliance with legal requirements.

As you review what to keep, archive, or dispose of, consider the following key issues.

Be Mindful of Litigation Holds

If your business is involved in litigation—or reasonably anticipates litigation—you must preserve documents related to the dispute. This requirement is commonly referred to as a litigation hold.

Implementing a litigation hold often means suspending automatic deletion features on email systems, servers, cloud storage platforms, and backup systems. Courts may impose monetary sanctions or other penalties, including adverse rulings, if a party fails to take reasonable steps to preserve relevant documents or electronic records.

Understand Record Retention Requirements

Many industries are subject to federal and state record retention requirements. Businesses should ensure their document retention policies comply with any applicable laws and regulations.

For example, lenders must retain certain loan documentation, including closing disclosures, for five years under federal lending regulations. If you are unsure which requirements apply to your business, consulting legal counsel can help ensure compliance and reduce regulatory risk.

In addition to specific industry requirements, certain categories of documents must be kept for minimum periods of time by law. Many organizations (including the U.S. Chamber of Commerce) have assembled lists of laws with document retention periods.

When more than one minimum retention period could apply to a document, the longer period should be used. For example, payroll records must be kept for three years under Wisconsin law, but the IRS requires records of employment taxes to be kept for four years. A document that qualifies as both should be kept for at least four years.

Balance the Costs and Benefits of Storing Records

A well-designed document retention policy balances the benefits of keeping records with the costs of storing them.

On one hand, maintaining historical records can help resolve disputes, support regulatory compliance, and preserve institutional memory. Quickly locating important documents can save significant time and expense.

On the other hand, document storage—whether physical or electronic—comes with costs. Paper files require office space or off-site storage fees, while digital storage involves its own storage costs and requires secure systems, software, maintenance, and IT support.

Organization Saves Headaches and Preserves Usefulness

Documents are only helpful if they can be located when needed. Just like a storage room full of unlabeled paper files, digital records that are poorly organized, inconsistently named, or difficult to search provide limited value.

Businesses should implement clear file naming conventions, structured folders, and searchable systems to improve records management efficiency.

Labeling physical and electronic folders with information on when the files can be destroyed is also a best practice that can save your future self time and effort.

Consistency Is Key

The most effective approach for a business is to adopt a formal document retention policy and apply it consistently across the organization.

If a dispute arises in the future, demonstrating that documents were destroyed in accordance with a routine and consistently followed policy can help minimize discovery disputes or allegations of improper document destruction.

When in Doubt, Seek Legal Guidance

If you are unsure of the legal implications of keeping or disposing of certain documents, contact an attorney. For more information, contact Christa Wittenberg at

414-276-5000, Christa.Wittenberg@wilaw.com, or any of the attorneys at O’Neil Cannon.