How to Marie Kondo Your HR and Payroll Filing Cabinets

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Spring is upon us and that means it's time for some spring cleaning. If you're a history buff, you might be interested to know that spring cleaning has been adapted by generation upon generation and dates back to at least the Dark Ages. And now, in our modern consumerist culture where people have a tendency to over accumulate unnecessary stuff, many are turning to the teachings of Japanese cleaning and decluttering guru Marie Kondo for help, who rose to international popularity due to her successful books and new Netflix show, *Tidying Up with Marie Kondo*. Although some of us try to follow the KonMari Method for organization in our own homes, it is often neglected in our workspaces – and it's even worse when it comes to human resources, who have to collect and store tons and tons of paperwork. If you're an HR professional, you know it's not like there's any other choice – you actually need to in case your organization gets audited or sued. But before you start tidying up, one of the main questions to ask is: how long do I keep these records? Whether physical or virtual, record keeping is important for any organization, since every organization is accountable for its past. But it can be hard to tidy up and know when to dispose of some documents, as you need to be able to show proof that you were compliant in case you get audited. To help you answer that question and get rid of unnecessary documentation, we have highlighted a few guidelines of what files you should keep and for how long.

Human Resources Cabinet – *Keep HR records for up to 3 years*

Hiring Records

Yes, you need to save these! Starting from resumes and including everything from interview notes to even your searches when using your applicant tracking system, keep these for 1 year after hiring a candidate. In case anyone ever questions your hiring process, if you need to you can prove that you didn't violate the ADA, Title VII, or any other law. You must also keep drug test records if you require them for employment. As with other hiring records, you have to keep drug test results for 1 year.

Form I-9

Keep Form I-9s for 3 years after hiring your employee, or 1 year after termination, whichever is later. Additionally, you should keep this form separate from other personnel files.

Benefits Information

According to the Equal Employment Opportunity Commission (EEOC), employers must keep on file any employee benefit plan (such as pension and insurance plans) and any written seniority or merit system for the full period the plan or system is in effect and for at least 1 year after its termination. Additionally, keep a summary of all your plan descriptions for a minimum of 6 years. This will cover you under ERISA requirements and in the event an employee sues you alleging they deserve higher benefits or wants to otherwise challenge the accuracy of your benefits calculations.

Family and Medical Leave Act (FMLA) Records

Always make sure you keep a paper trail and track of your employees' leave. Keep all this documentation for 3 years.

Payroll Filing Cabinet – *Ideally, keep payroll records for up to 5 years*

The IRS has a 3-year statute of limitations for audits, and the same goes for the EEOC; however, there is no limit for fraud. In either case, it's imperative to keep tax, payroll, and timesheet records stored for a little bit longer. Keep these records for at least 5 years to show how much each of your employees worked and that you stayed in compliance with FMLA and Fair Labor Standards Act (FLSA) requirements. Under the FLSA, employers must keep payroll records for at least 3 years. In addition, employers must keep all records (including wage rates, job evaluations, seniority and merit systems, and collective bargaining agreements) that explain the basis for paying different wages to employees of opposite sexes in the same establishment for at least 2 years (EEOC). The following documents should be kept for more than 3 years:

- *Payroll and timesheets*
- *Tax forms*
    - Form W-2
    - Form W-4
    - Form 941
    - Form 1099
- *Retirement documents*
    - Form 5305-SEP
    - Form 5305A-SEP
    - Form 5304-SIMPLE
- *Affordable Care Act*
    - Form 1095-C

The Process – *Does it spark joy?*

Now that you have an idea of what records you need to keep, let's dive into the KonMari process – which we've slightly modified for the world of HR. When tidying up, Marie Kondo proposes the following:

- *Commit yourself to tidying up all at once.*

Depending on the size of your workforce, this can take a while, but once you start this project, you should see to it until it's done.

- *Imagine your ideal lifestyle to prevent relapse.*

It is very common, especially if you have a physical HR and payroll cabinet, to store unnecessary paperwork, creating tons and tons of records that are a hassle to look through. To make your life easier, it's important to discard all of the unnecessary and very old documents. You will have what's necessary in case you get audited, and you'll save yourself a headache in the long run.

- *Hold an item with both hands (perhaps figuratively) and ask yourself "Does this spark joy?"*

In the context of HR, specifically, look at the content and the date: is this file important, and is it still necessary to retain?

- *Go in order.*

Start with your oldest files first: scan them for the dates and whether they've passed the retention period.

- *Organize by category and subcategory.*

This can either be done by years, then months, and then by alphabetical order. Make sure you have retrieval in mind when you set up your system.

- *Finish discarding before moving on.*

Neat does not equal decluttered. With all of the records and documents that you no longer need, it's time to safely get rid of them. As you know, some of these documents may contain sensitive or confidential information, so be sure to securely dispose of them.

- *Store.*

With the knowledge of what records and documents, you should keep and for how long, store them in a clear and organized filing system that you can easily refer to, update, and change when needed. Now that you know the general guidelines on how long you should keep certain payroll and hr documents

and have learned about Marie Kondo's tidying up methods, I'll say go and have some fun and spark some joy in your filing cabinets!

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