

Start 2016 with a new system for your employee records



The next time you start to slide a document about an employee into an overstuffed folder, ask yourself: Do I need to create a new file?

It's not because the folder is filled to the gills. It's because federal and state laws require businesses to keep separate files for a variety of employee records.

New year, new system

Too many HR files consist of fat folders organized just as they always have been: one per employee. Make a fresh start in 2016 by creating a new employee record-keeping system.

Whether you're going to stick with paper files, create computer-based folders or store records in the cloud, you need to create at least four separate sets of records for each employee:

- **A personnel file** that outlines basic information: name, address, phone number, emergency contacts, Social Security number and anything else that's specific to the employee.
- **A payroll file** containing salary information, benefits, pay rate changes and other documentation affecting the worker's paycheck.
- **A medical file.** HIPAA—the Health Insurance Portability and Accountability Act of 1996—requires employee medical information be kept confidential. Information about health insurance, life insurance, medical leave or other documents containing private medical information goes in this file.

Advice: Store files so that managers or HR pros who need access to payroll or personnel information don't have access to medical information.

- **An I-9 form file.** You must have an I-9 work authorization form on file for every employee. I-9 files must be kept separately from all other confidential employee files.

Maintaining separate files helps ensure that you're in compliance and protected in the event of an audit or litigation. Plus, it keeps employee information from getting into the wrong hands.

Final note: If you are migrating from paper to electronic or cloud files, choose a format that you know you'll have access to in the future. Best bet: Convert documents to pictures (like .jpg or .tif) or to .pdf files.