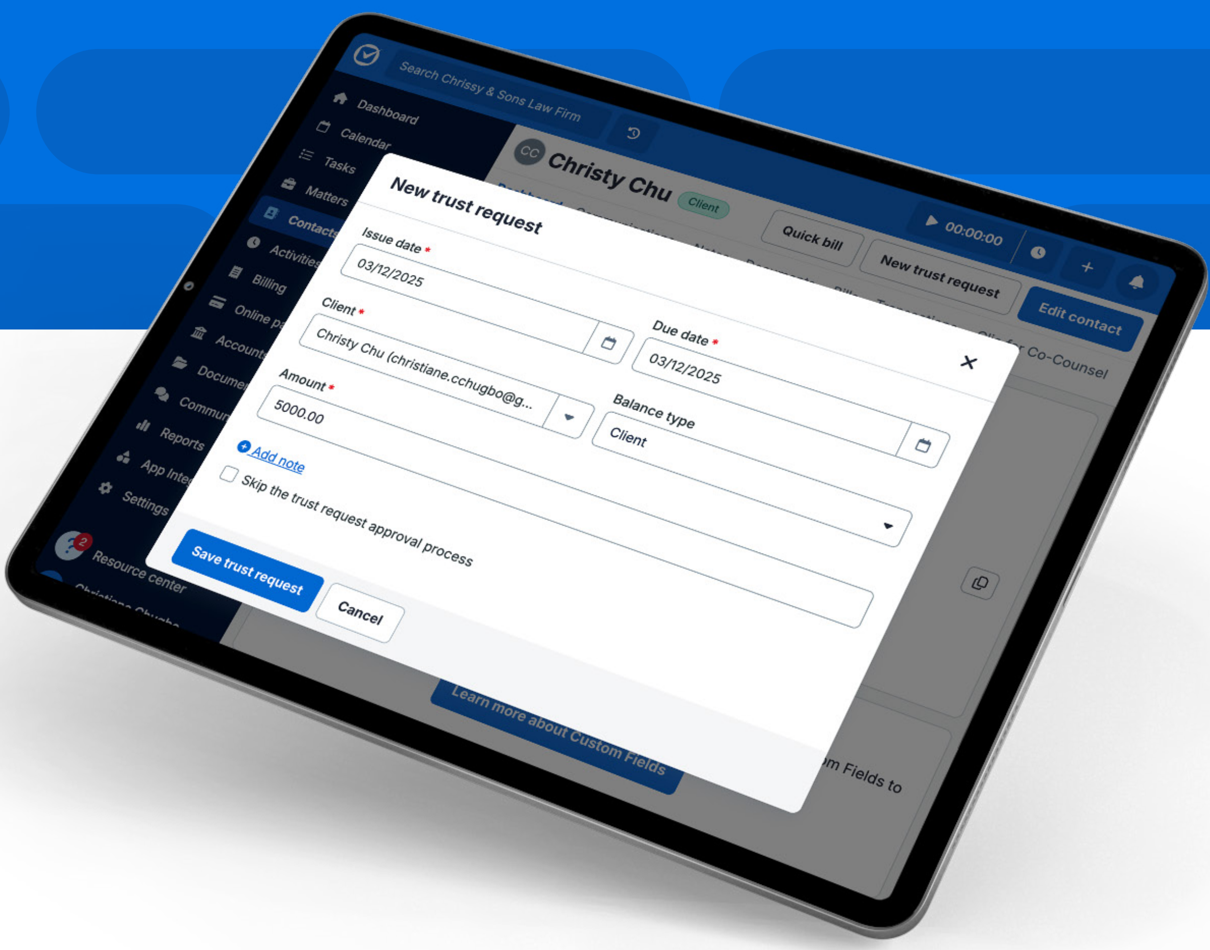
Trust Account Management Best Practices Guide



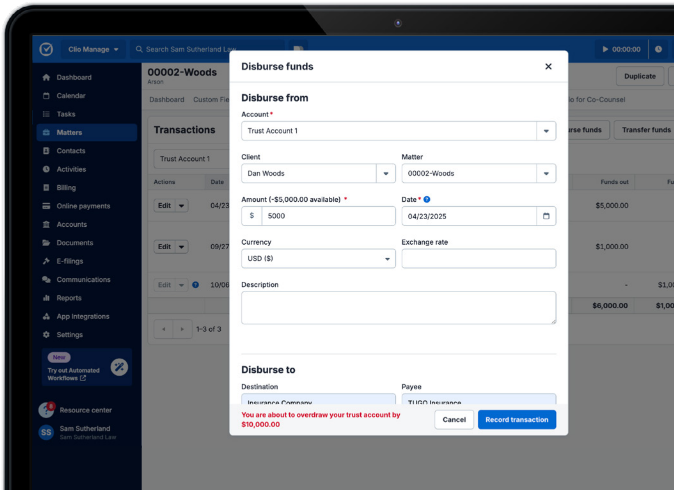
Trust Account Management

A trust account is an account used by lawyers to hold money on behalf of clients. Clio helps you manage and track trust funds with accuracy, compliance, and ease so you can operate with confidence and clarity.

From securely holding retainers to seamlessly applying trust funds to invoices, Clio gives you the peace of mind that every transaction is properly tracked and reconciled.

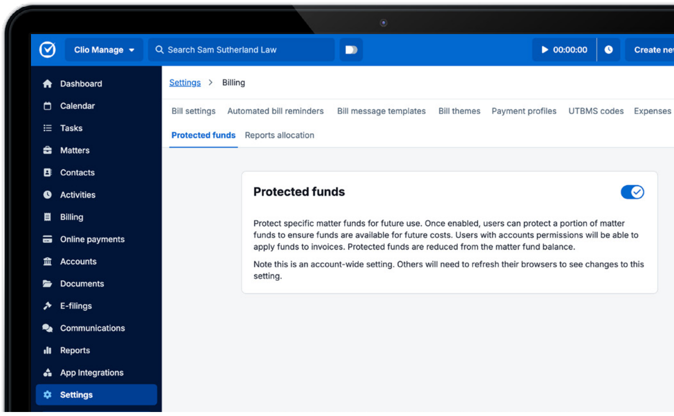
Here’s a look at how trust management works within Clio and how it can improve the way you handle trust.

- **Prevent trust overdrafts.** Clio ensures that only available trust funds can be applied, maintaining compliance with trust accounting rules and removing the possibility of accidental overdrafts or misallocations.



- **Keep complete and accurate records.** Easily track of all trust transactions, including deposits, withdrawals, and transfers.

- **Protect clients funds held in trust.** Prevent the commingling of trust and operating funds with separate trust ledger tracking.



Getting Started

Step 1

Once you have set up a trust and operating account in Clio Manage, you can generate a trust request from the contacts, matters, and billing tabs or by clicking **create new**.

Step 2

From the billing tab, you can approve and send trust requests to your clients. If you've created multiple trust requests, you can use the filters to sort by trust request and then select multiple to send them all at once.

Step 3

If you're using online payments, the client's payment is automatically deposited into the trust account and applied to the corresponding client or matter in Clio. Otherwise, manually record the payment in Clio.

Step 4

Once your client has trust funds, you can apply funds towards an invoice. If trust funds were returned to the client, record a disbursement and include the check or reference number.

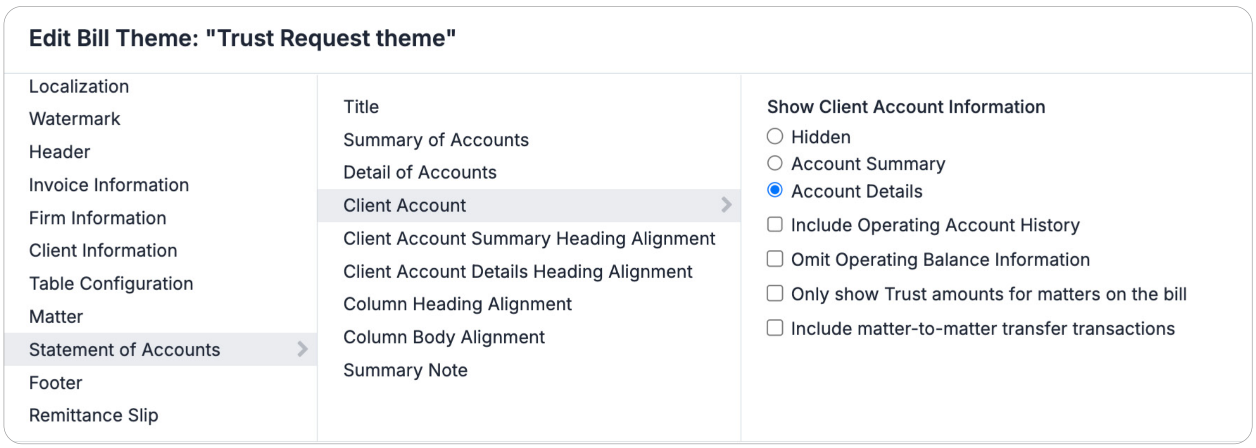
Pro Tip

When creating a trust request, you have the option to choose from two balance types: client or matter. Selecting the client balance type for clients with multiple matters will allow you to distribute funds across matters.

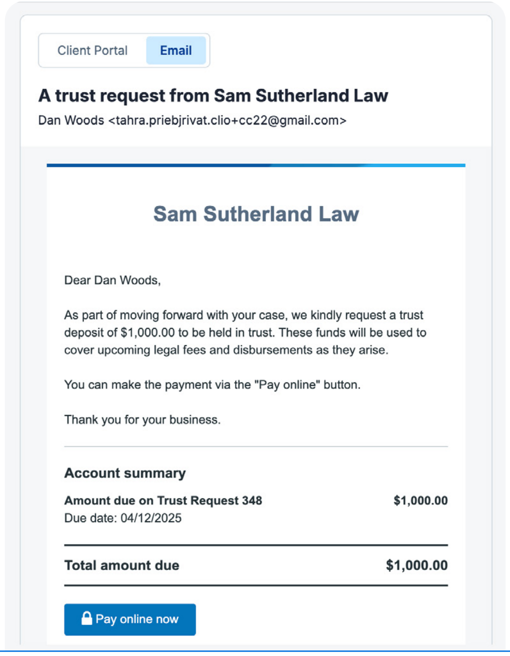
Best Practices

Before creating matter stages:

- ☐ Creating a new [bill theme]() ensures that all trust requests sent by your firm follow the same format, align with your firm's policies, and have clear instructions on how your client can make the payment.
- ☐ There are many different options customizing your bill themes. For example, under the **statement of accounts,** you can add a summary of the funds that came in, came out, and how much is remaining.



- ☐ Personalize the message that goes out with your trust requests using [bill message templates](). You can use fields to automatically pull in the client's name, address, and more. Here's an example message for clients:



Get notified when a client's balance falls below a certain threshold.

- [ ] Set up notifications to alert you when a client's balance reaches a specified threshold so you can request additional funds proactively, preventing disruptions to your work.
- [ ] If you're collecting payments online, clients can securely store client payment methods on file, making it easy to replenish funds.

Manage trust funds with confidence.

- [ ] Payments links are not tied to a specific client or matter, which can complicate tracking trust funds and reconciliation. Use the trust request workflow to ensure payments are associated with the correct client and matter, saving time and reducing errors.
- [ ] With user permissions, you can restrict who can access, transfer, or apply trust funds, ensuring only authorized team members handle sensitive transactions.

Run built-in legal trust account reports.

- [ ] The trust management report gives an overview of unbilled time, expense activities, trust account balances, and minimum trust thresholds. You can use this report to compare billable work against trust fund holdings.
- [ ] The trust listing summarizes client trust fund balances across all client accounts.
- [ ] The trust ledger report provides a breakdown of transactions and balances for each client and matter across all trust accounts.

See how this attorney uses Clio as a cornerstone of her trust accounting tech.

> In some traditional law firms, it can take days or weeks to get a client to sign an engagement letter and pay the trust request. At our firm, it takes 30 minutes.

Natasha M. Nazareth, Esq.
Partner, Nazareth Bonifacino Law Benefit LLC

Natasha Nazareth's tips to help you with trust requests

- Natasha's firm ensures all clients invest in their legal services upfront by offering paid consultations, flat-fee services or packages, and evergreen retainers for hourly work. Consultation fees are payable upon booking and are nonrefundable for cancellations made less than 24-hours in advance.

- For flat fees, state rules of professional conduct vary when the fee is considered earned. To stay compliant, always deposit flat fees into the trust account and transfer them to your operating account once earned.

- When sending a new engagement letter, encourage clients to keep a card or eCheck payment on file for easy trust replenishment. This simplifies the payment process and eliminates the need for follow-ups on unpaid bills.

Why Natasha loves using trust requests:

- **Proper fund allocation.** Trust requests workflow in Clio makes sure that client funds are directed to the appropriate trust account and prevents commingling of funds.
- **Clear client communication.** By sending trust requests at key stages, like during engagement or when replenishing retainers, you can clearly outline payment expectations and avoid confusion with clients.
- **No manual follow ups.** With automated reminders for replenishments, you can easily monitor and manage trust accounts when they fall below set thresholds without manual follow-ups, ensuring smooth cash flow and avoiding delays in service.

Want more tips? Here are some helpful resources:

Join the community
Connect with other legal professionals using Clio through our forum.

Power up with Clio
Join us in a monthly webinar diving into best practices.

See what's new
Join our quarterly webinar featuring our latest product updates.

Have questions?
Visit the Help Center or contact customer support at 1-888-858-2546.

Clio