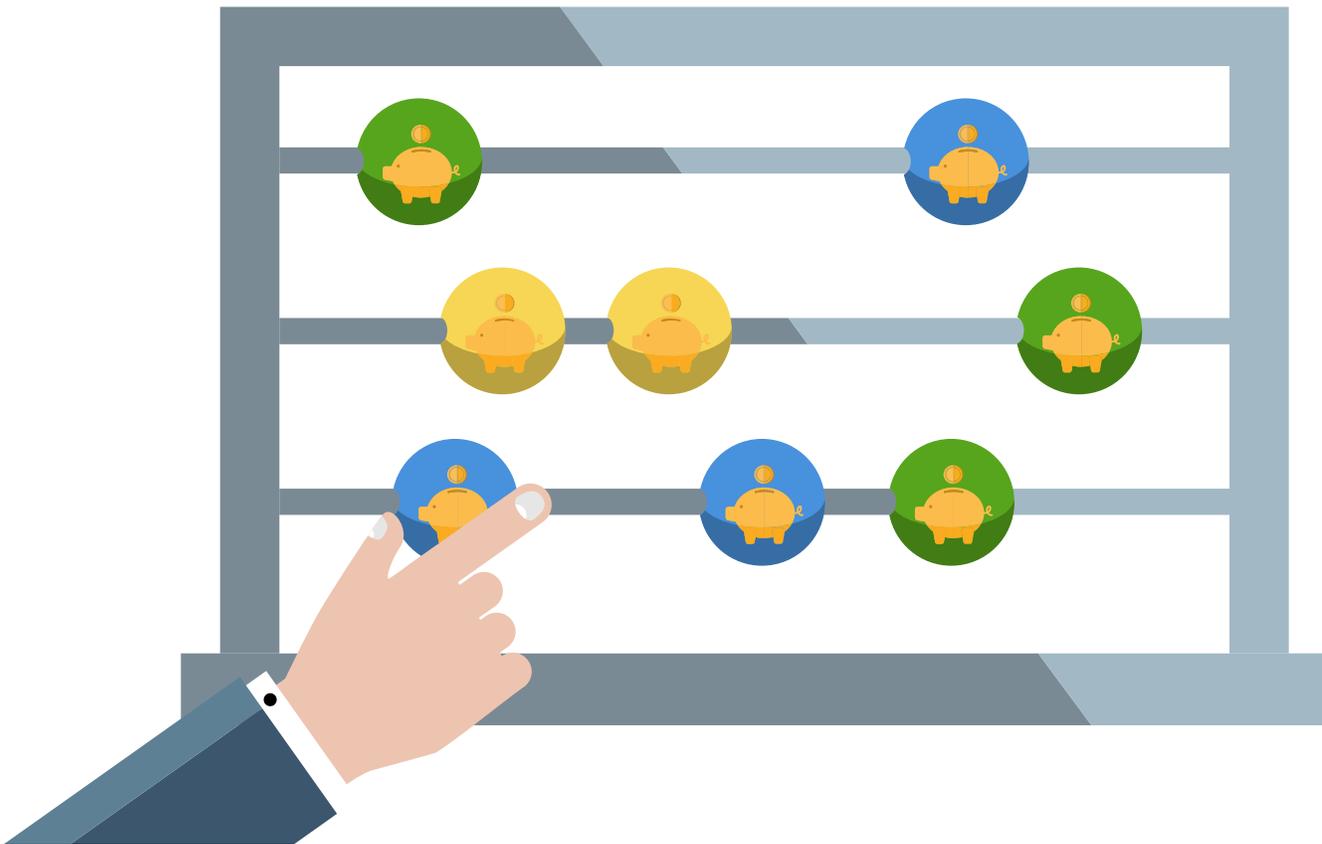


The Clio Way For Trust Account Management

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The Clio Way For Trust Account Management

Many states have rules in place regarding how attorneys need to maintain lawyers' trust accounts. These rules vary from state to state but the common underlying theme is that as a lawyer, it's your job to act as a fiduciary of client funds. Most states have adopted Rules of Professional Conduct to help guide you in maintaining and keeping records related to client trust accounts, so check your state's rules. Let's take a look at how Clio can help you handle your trust account transactions and help you abide by any state-imposed rules.

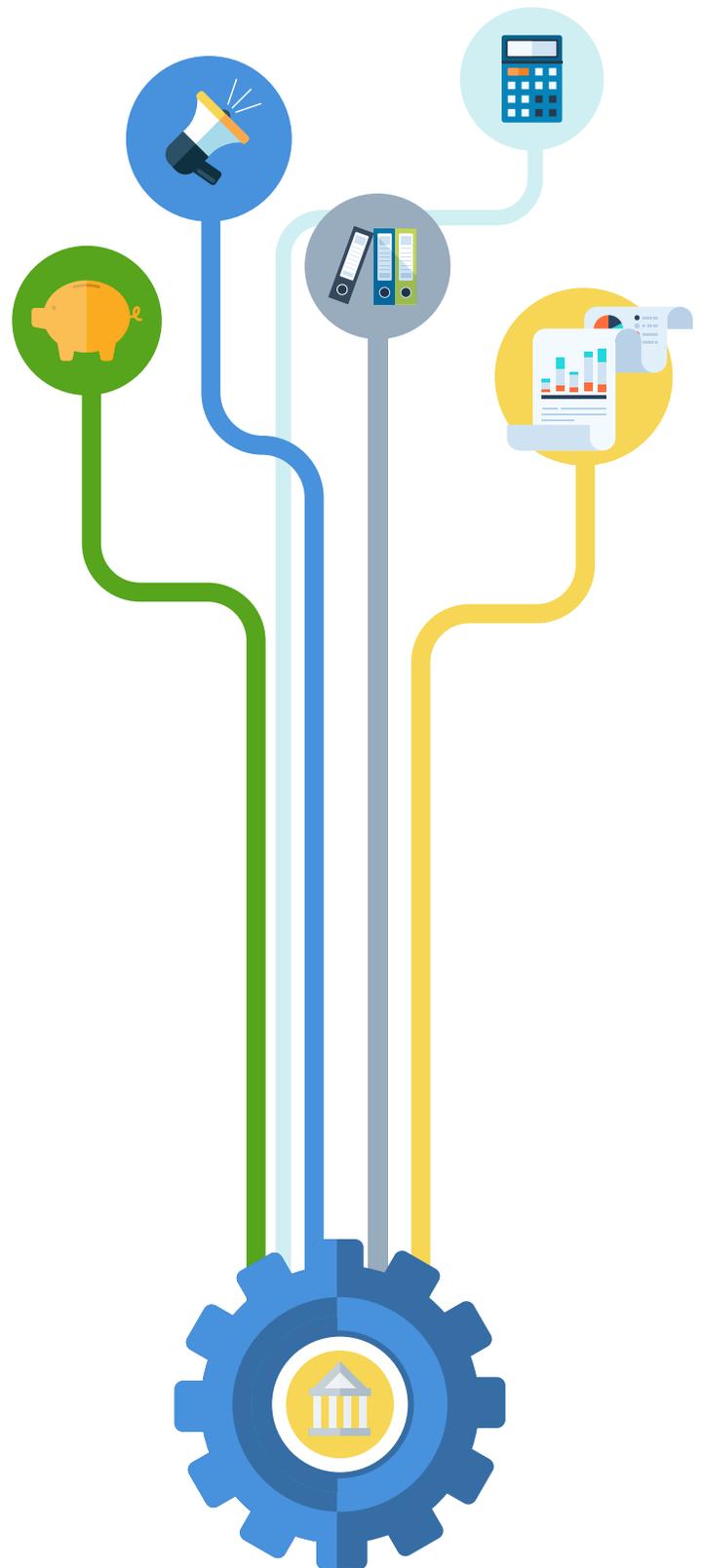
The fundamental aspects of a lawyer's duty related to handling client funds include:

- 1 Identification:** depositing funds into an account specifically labeled as a trust account
- 2 Segregation:** keeping client funds on deposit separate from a lawyer's own funds
- 3 Accounting:** lawyers must create and maintain appropriate records of funds belonging to their clients

In addition to these fundamental duties, some states impose specific additional duties if you are handling client funds. Here are a few examples:

- 1 Duty to identify and label funds: deposit into a clearly identified trust account
- 2 Duty to notify the client upon receipt and deposit of funds
- 3 Duty to maintain a separate ledger sheet for each client who has funds on deposit in a trust account
- 4 Duty to produce a full accounting report for client funds that includes: the amount of funds received and deposited, the amount of funds you've paid or distributed out of your client's trust account, and the amount of funds still held in trust

One of the advantages of using legal-specific software such as Clio is that the software is built to provide trust accounting functions that are easy to manage and maintain. Clio has a number of features that help you meet these duties and easily manage your clients' trust funds. Let's review some of these trust accounting features in Clio.





Clio Bank Accounts

Duty to identify and label funds

- In Clio, you will set up at least two bank accounts: one for your client trust funds and one for your general operating funds (revenue earned).
- The trust account is a total of all of your client funds on deposit.

Bank Accounts						
						Filter ▾
Name ▾	Institution	Account Number	Transit Number	Currency	Balance	Default
Draper Firm Operating Account Edit Delete	Citibank	1958313	4321	USD	\$83,963.77	
Draper Law Trust Account Edit Delete	Citibank	513912	4325	USD	\$15,920.56	
IOLTA Trust Edit Delete					\$49,280.30	Default

- In Clio, you will record deposits into trust via the matter's Transaction tab.
- You'll transfer money out of trust and into your operating account when you apply funds while entering a payment.

Record deposit into client trust account

Client **Transactions** Contacts Tasks Calendar Notes Time Expenses Documents Communications Clio Connect

Ledger Add

IOLTA Trust ▾

Date	Source/Recipient	Reference	Fees	Payments	Balance
07/25/2014	client	1263		10,000.00	10,000.00

[Edit](#) [Delete](#)

Apply payments from trust account to invoice, moving money into firm operating account

Date required

Description

Matter	Source	Destination	Due	Payment
00002-Cramer:	Direct Paymen... ▲	Draper Firm O... ▼	135.00	135.00
Interest:	Draper Law Trust Account: \$409.00 (Client Balance)	Draper Firm O... ▼	4.45	4.45
	Draper Firm Operating Account: \$0.00 (Client Balance)		Subtotal	139.45
	IOLTA Trust: \$0.00 (Client Balance)		Total Payment	139.45
			Balance Due	0.00

Receive Payment or Cancel

Individual Client and Matter Trust Accounts

Duty to maintain a separate ledger and notify client

- For each client who has funds on deposit in a trust account, Clio keeps a running ledger of all deposits and withdrawals (payments and/or refunds).
- Clio's ledger report serves as a tool to notify your client upon receipt and deposit of funds.

- To fully account for funds, you must provide four pieces of information, all of which are included in Clio's Client/Matter Ledger report:
 - Amount of funds received and deposited
 - List amounts of funds paid or distributed out of the trust account
 - List any additional deposits to the client's trust account
 - Show balance of funds still held in the trust account

Clio's client/Matter ledger: Transactions view report

Client	Transactions	Contacts	Tasks	Calendar	Notes	Time	Expenses	Documents	Communications	Clio Connect
Ledger Matter Level Accounting Detail Add										
IOLTA Trust ⬇										
Date	Source/Recipient	Reference	Fees	Payments	Balance					
07/09/2014	client	12457-47	Client Deposit	1,000.00	1000.00	<small>Edit Delete</small>				
07/09/2014	Transferred to: Draper Firm Operating Account for invoice #792	Client Payment	400.00		600.00	<small>Edit Delete</small>				
			400.00	1,000.00	600.00					

Individual Client Trust Ledger Reports



Duty to provide full accounting of funds

- This Clio report shows all the trust account activity for a client and includes multiple client matters. You can use it to fulfill your duty to notify clients of deposits and withdrawals made from a client’s trust account.
- Clio creates an audit trail of all transactions related to the client funds in trust.

Trust Ledger Report (07/28/2014)

Jennifer Adam

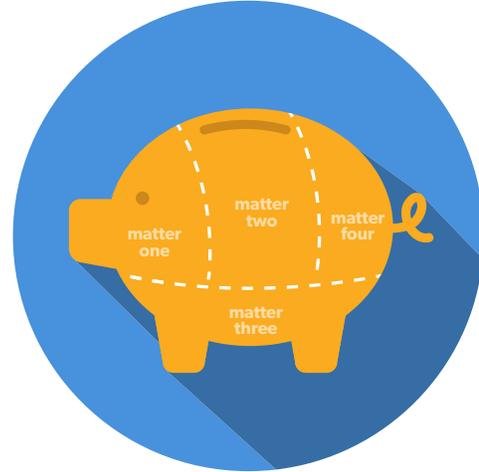
IOLTA Trust

Date	Source/Recipient	Reference	Matter	Funds Out	Funds In	Balance
04/16/2014	Client/Don	82643	00061-Adam		500.00	500.00
Retainer balance						
04/16/2014	Transferred to: Draper Firm Operating Account for invoice #136		00061-Adam	500.00		0.00
Payment for invoice #136						
Closing Balance:				\$500.00	\$500.00	\$0.00
Client Total:				\$500.00	\$500.00	\$0.00

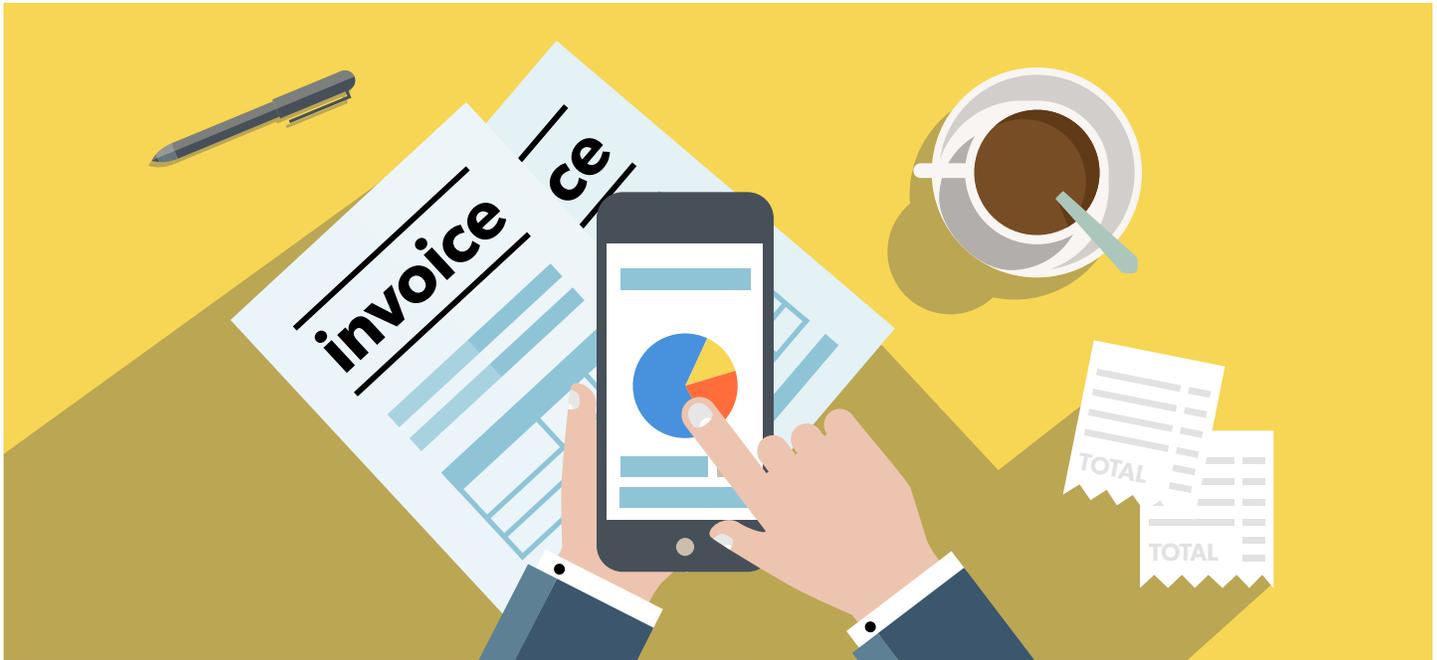
Client Trust Funds Maintained at the Client and Matter Level

Duty to notify, keep accounting records and segregate funds at the matter level

- A feature you may not ever need but nice to know Clio can handle it is the ability to segregate client trust funds by matter. So if you have a client with multiple matters and each matter has a retainer on deposit, Clio takes care of this accounting for you.
- Clio has the ability to send all report data to an Excel spreadsheet. So if you want to format the data differently, you have this ability.



A	B	C	D	E	F	G	H	I	J	K
Client	Practice Area	Matter Number	Matter Description	Account	Date	Source/Recipient	Description	Reference	Funds Out	Funds In
Jennifer Adam		00061-Adam	Divorce	IOLTA Trust	04/18/2014	Client/Don	Retainer balance	82643	0	500
Jennifer Adam		00061-Adam	Divorce	IOLTA Trust	04/18/2014	Transferred to: Draper Firm Operating Account for invoice #136	Payment for invoice #136		500	0
Chase Alexander	Personal Injury	00085-Alexander	Alexander v. Watson	IOLTA Trust	06/18/2014	Client	Retainer in Trust	54196	0	500
Chase Alexander	Personal Injury	00085-Alexander	Alexander v. Watson	IOLTA Trust	07/14/2014	Transferred to: Draper Firm Operating Account for invoice #799	Payment for invoice #799		500	0
Anita Bascom	Family	00050-Bascom	Divorce	IOLTA Trust	03/21/2014	Retainer Deposit from Client	Retainer	#1412	0	1000
Anita Bascom	Family	00050-Bascom	Divorce	IOLTA Trust	03/21/2014	Transferred to: Draper Firm Operating Account for invoice #105	Payment for invoice #105		207.5	0
Anna Bates		00063-Bates	Bates vs Smith	Draper Law Trust Account	04/22/2014	Client	Overpayment of \$50.00 received for payment of invoice #140	#77941	0	50
Anna Bates		00063-Bates	Bates vs Smith	Draper Law Trust Account	04/24/2014	Transferred to: Draper Firm Operating Account for invoice #143	Payment for invoice #143		50	0



Invoices Include Accounting Record Of Trust Funds

Duty to notify client

- A favorite Clio feature for any lawyer concerned with following trust accounting rules.
- You can design your invoice template to include trust account transactions and show amount remaining in client's trust account. In some states, you must provide this information at time of billing and applying funds.
- This is how Clio helps you notify clients and provide accounting detail to keep you in compliance with ethical trust accounting rules.

Type	Date	Attorney	Description	Quantity	Rate	Total
Service	07/15/2014	DD	Consultation - In Person: Discussed matter	0.50	\$225.00	\$112.50
Quantity Subtotal				0.5		
					Subtotal	\$112.50
Quantity Total				2.5		
					Subtotal	\$3,112.50
					Total	\$3,112.50
From Client Trust Funds					Payment (07/28/2014)	-\$600.00
					Balance Owning	\$2,512.50

Statement of Account

Outstanding Balance	New Charges	Payments Received	Total Amount Outstanding
(\$0.00	+ \$3,112.50)-(\$600.00	= \$2,512.50

Detailed Statement of Account

Current Invoice

Invoice Number	Due On	Amount Due	Payments Received	Balance Due
807	08/21/2014	\$3,112.50	\$600.00	\$2,512.50
Outstanding Balance				\$2,512.50
Total Amount Outstanding				\$2,512.50

IOLTA Trust

Date	Type	Description	Matter	Receipts	Payments	Balance
07/09/2014	cheque	retainer received within Trust	00095-Payne		\$1,000.00	\$1,000.00
07/09/2014		Payment for invoice #792	00095-Payne	\$400.00		\$600.00
07/28/2014		Payment for invoice #807	00095-Payne	\$600.00		\$0.00
Amount Remaining in Trust				IOLTA Trust Balance		\$0.00

Extra Tips

Use Clio to assist with your monthly three-way trust account reconciliation

- As part of your duty to keep accounting records, you must reconcile your trust bank account regularly. Some states impose the duty to conduct a three-way reconciliation.
- What's a three-way reconciliation?
 - It means that your Clio trust bank balance matches your checkbook (register) trust balance and that they both match the sum of all individual client ledger balances. Most accountants don't understand three-way reconciliations, but unlike accountants, you have fiduciary responsibilities and this is one of the few responsibilities you can't delegate. Below is a simple spreadsheet you can use for a three-way reconciliation.
- Using Clio:
 - Clio has all the reports and data you need to complete your three-way reconciliation:
 - Trust Listing report showing all individual client balances and the total amount in your Clio trust account
 - Trust Ledger report showing the detail of client funds on deposit
 - Use your trust bank account statement to complete the three-way reconciliation

Sample spreadsheet

Three-Way Reconciliation Sample for Trust Accounts		MONTH = April 2014	
List of Individual Trust Account Ledger Balances - From Clio			
Client Name	Amount in Account		
Brian	\$837.50	} Individual client funds on deposit. Use Clio Trust Ledger report.	
Janelle	\$1,000.00		
Rhona	\$1,000.00		
Gwen	\$600.00		
#1	Total Client Individual Trust Account Ledger Balances	\$3,437.50	Sum of above. Balance to Clio Trust Listing report.
#2	Total in #1 above should equal Check/Bank Register Balance	\$3,437.50	
#3	Bank Statement Balance:	\$3,687.50	
	Less outstanding checks, if any	\$250.00	
	Plus In-Transit Deposits, if any	\$0.00	
#3	= Reconciled Bank Statement Balance	\$3,437.50	
Amounts #1, #2 and #3 must be identical to each other for the trust account to balance.			

Trust listing report - client or matter level detail

Trust Listing Report (07/28/2014)		
<p>A list of all clients with amounts in Trust. You can use this to balance your bank Trust statement during reconciliation</p>		
Robert Frost		
Account Name	Last Activity Date	Client Balance
IOLTA Trust	04/09/2014	0.00
		\$0.00
Halley Garibaldi		
Account Name	Last Activity Date	Client Balance
Draper Law Trust Account	03/05/2014	508.50
		\$508.50
Beth Gerret		
Account Name	Last Activity Date	Client Balance
IOLTA Trust	05/07/2014	419.00
		\$419.00

Trust ledger totals - no detail just client totals in trust

Trust Ledger Report (07/28/2014)						
Jennifer Adam						
IOLTA Trust						
Date	Source/Recipient	Reference	Matter	Funds Out	Funds In	Balance
04/16/2014	Client/Don	82643	00061-Adam		500.00	500.00
Retainer balance						
04/16/2014	Transferred to: Draper Firm Operating Account for invoice #136		00061-Adam	500.00		0.00
Payment for invoice #136						
Closing Balance:				\$500.00	\$500.00	\$0.00
Client Total:				\$500.00	\$500.00	\$0.00

With Clio, trust accounting is simple. Give it a try today!