

## Trusts and/or Retainers: Using, Posting, Reporting and Reconciling

### Deciding on Trusts or Retainers:

Your Interbill program will come with both Trusts and Retainers enabled. We recommend using Trusts, but some attorneys like to use the word "Retainer" not only for how clients pay but also the name of the account into which advanced payments are deposited. Some firms use neither Trusts nor Retainers. They display advanced payments as client statement credit balances.

Using Interbill Contact Us (located top right of the screen), ask customer service to remove whichever you are not using Trusts or Retainers. If you have a need for both, you can use both.

Interbill Customer Service is always available to advise you on which to use and why.

### Setting up Trusts and Retainers:

Whether your office settles for Trusts or Retainers or both, the program will use what we call Automatic Funds Transfer to pay for client statement charges. On an individual client basis or a firmwide basis, you can change to Manual Funds Transfer by going to the Client Screen, selecting the Trust/Retainer tab and further selecting Manual Funds Transfer.

Automatic Funds Transfers pays statement charges from the Client's Trust/Retainer at the time you bill the client.

Manual Funds Transfers requires you to manually transfer the correct amount from Client Trust/Retainer funds to pay for client statement charges. You manually transfer Trust/Retainer funds on the Trust or Retainer Log posting the payment amount and pressing **Pay Statement**. The transfer will happen when you save the entry.

To avoid transferring incorrect fund amounts, Interbill strongly recommends Automatic Funds Transfers.

You can manually transfer money out of Trusts/Retainers to pay for statement charges without changing the client Trust/Retainer status from Automatic Funds Transfer to Manual Funds Transfer. Once you manually transfer all funds necessary to pay client statement charges, you will have overridden for the current statement Automatic Funds Transfers.

### Posting Trust/Retainer entries:

After selecting the date and client for the entry, select Deposit, Disbursement or Pay Statement (Manual Funds Transfer). To return Trust/Retainer funds to the client press **Disbursement**. To manually transfer funds from the Trust/Retainer Press **Pay Statement**. The descriptions for each Trust/Retainer type are pre-programmed, you can change the wording in **Settings**. **Most attorneys like to add the check or payment transaction number to the description.**

### If Trust/Retainer payment not honored by Client's Financial Institution.

Do not delete the previous Trust/Retainer Deposit, instead make a **Negative Deposit** entry, (minus before the deposit amount). Highlight the description and delete. In description enter something like "Previous

Trust/Retainer Deposit not honored by your financial institution.” You may also want to post to the client the returned check bank fee. Record the bank fee as a cost on the Log.

### **Checking on the effect of our entries without leaving the Log Screen:**

Select the client and press the SP (Statement Preview) button, a preview of the statement will appear.

### **Trust/Retainer Balance and Entries Reporting, Reconciliation and Transferring Funds from Trust/Retainer Account to the Law Office General Operating Account.**

There are two Trust/Retainer Reports, the Trust/Retainer Balances Report (screen right) and the Trust/Retainer Activity Detail Report (Screen left)

**Trust/Retainer Balances Report:** For the date range selected, The Trust/Retainer Balances report displays one row for each client: **Beginning Balance, Deposits, Disbursements and Transfers.** **Deposits** are funds deposited within the date range. **Disbursements** are funds disbursed out of the Trust/Retainer but not to Pay Client Statements. The most common use of disbursements is to return funds to the client. Transfers is the total of Manual and Automatic transfer of fund to pay Client’s Statements.

**Trust/Retainer Activity Detail Report:** This report displays each Trust/Retainer entry, Deposit, Disbursement and Transfer by date. It is usually used to create a Trust/Retainer Ledger for a single client, but it can be run for all clients.

**Monthly Reporting and Bank Reconciliation:** Most firms run one report each month from the first day of the month through the last day of the month. They also select Active and Inactive Clients (the default) to include clients closed during the month that may still have an ending balance, may be out of balance (negative ending balance) or have Transferred funds.

The Total Transfer Column is the amount of funds your firm can transfer from the Trust/Retainer account to your General Operating Account. If you always use the date range of 1st through the last day of the month you will make sure not to double up transfers from previous months. Example if the Transfer amount displays \$46,890.89 that is the amount you transfer from the Trust/Retainer account into your General Operating Bank Account.

The Ending Balance Column should be the Balance in your Trust/Retainer account. Suggest you open a client for Bank fees, interest earnings and possible Bar Association (in California IOTA) charges. Use Trust/Retainer Log Disbursement to disburse out Bank Fees, and Bar Association charges. Use Trust/Retainer Log Deposit to credit earned bank interest.

### **Other Reporting and Reconciliations you might consider:**

Some firms like to run a date range report, importantly with Active and Inactive Clients from the first day of the year to the last day of the prior month to view Deposits, Disbursements and Transfers for the year. Some also like to reconcile balances with the total of each Deposit, Disbursement and Transfer Log entry.

From the Log report they run a report for active and inactive clients for the total of each Deposit, Disbursement and Transfer transaction and make sure these itemized amounts reconcile with the Trust/Balances Report.

End