Oregon Law Practice Management
Practice Management Tips for Oregon Lawyers

Using Quicken 2011 for Trust Accounting

Years ago my friend and colleague Dee Crocker developed instructions for using Quicken for lawyer trust accounting. Granted, Quicken is not a full-fledged accounting program – no dispute there – but it is often the only affordable solution for lawyers opening a new practice. Recently I updated our detailed instructions for setting up a trust account in Quicken 2011. Here are the highlights:

Setting Up an Account
Use the "Advanced Setup" feature when creating your account. This allows you to enter transactions manually instead of connecting to your bank online. Create the account using the first day of the month when your account was opened. For example – if you opened your trust account on January 10, 2011, use January 1, 2011 when you set it up in Quicken. Begin with a zero balance.

Customizing the Toolbar for the Law Office
Once the account is created, the next step is to customize the toolbar. Ask to see all toolbar choices, then add "Tag List" and "Reconcile an Account…" to the toolbar. The Tag List is the means by which individual client funds are tracked. (More on that in a moment.) Adding it to the toolbar makes it easier to associate deposits and payments with a particular client or matter.
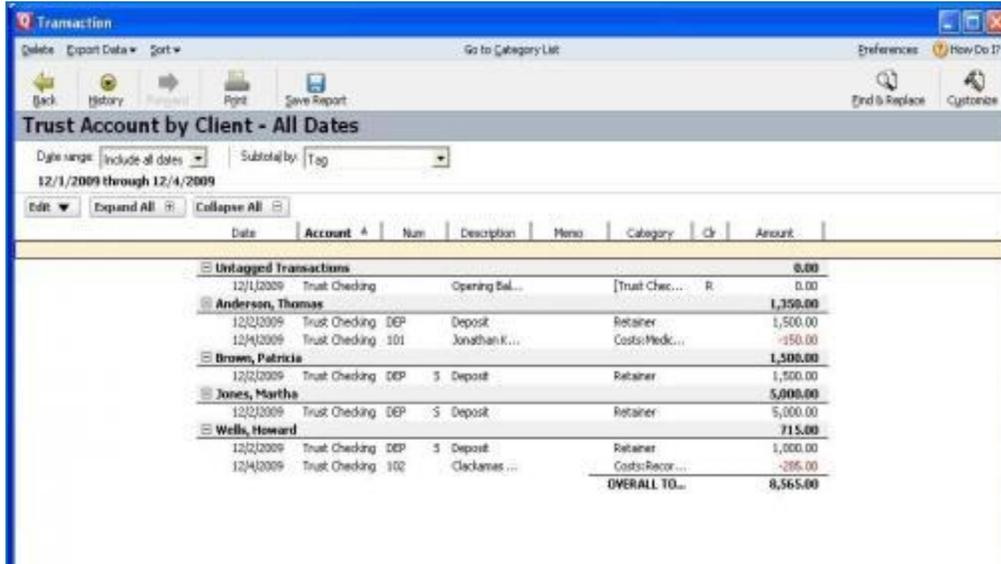
Categories
Next, add appropriate law office income and expense categories. For example, create Income categories for Retainer and Settlement Funds. Create Expense categories and subcategories for client costs.

Entering Transactions using the Tag List
The key here is to use the Tag List. (Remember we added this feature to the toolbar?) As each transaction is entered, it is categorized. While in the category field, click Tag List in the Quicken toolbar and select a client from the Tag List. If the client does not already appear, he or she can easily be added. Finish the transaction, hit <enter>. By tagging transactions, you can easily track payments and deposits on each client's behalf.

Creating Reports
You can reap the benefits of using the Tag List when you create and run reports. Select Reports > Banking > Transaction. Modify the standard Transaction Report by including all dates in the date range and asking Quicken to subtotal by Tag and sort by Account/Date. See the complete instructions here. Save the modified report, add it to your toolbar for easy access, and you're ready to go. Here is a sample report:

To see transactions for one client only, access your saved Report, click on Customize, then click on Tags. Select "Clear All," then check the desired client's name, and click OK.

Parting Thoughts
Is this double-entry bookkeeping? No. Does Quicken do time and billing? No. Is this a pretty basic solution to trust accounting? Absolutely! And that's the beauty of it for some folks. It fits their pocket book and their comfort level with technology. If you think you might want to use Quicken for trust accounting, see the step-by-step instructions here.

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