



AMERICAN DEPOSIT MANAGEMENT

Reactive to Proactive Cash Management:

4 Strategies to Drive Efficiency for your Communities

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414.961.6600



info@americandeposits.com

Why Property Managers Should Care about Proactive Cash Management

Property and Community Managers are stretched thin. With dozens of tasks to juggle daily, plus the unique demands of each community they oversee, it's no surprise the industry faces turnover rates as high as 30–50% (according to Zego), far exceeding the national average across other sectors.

Key drivers of turnover include:

- Increasing expectations
- Heavy workloads
- Compensation and work-life balance
- Limited career advancement opportunities

At ADM, we work with nearly 500 individual associations and the managers who support them. Time and again, we hear the same story: managing community cash is a reactive, manual, and time-consuming process, leaving little room for strategy, automation, or peace of mind.

This white paper explores the current landscape of cash management in property management and delivers actionable strategies to help you shift from a reactive approach to a proactive one, freeing up valuable time to focus on higher-impact work (or simply take a breath).

30-50% TURNOVER RATE

Between rising expectations from renters, the non-stop demands of running a community, and lackluster salaries, many managers get burned out.

Reactive Management

- Responds as events occur
- Short-term solutions
- Increased stress & pressure
- Missed opportunities

Proactive Management

- Anticipate potential issues
- Long-term goals
- Reduce risk & uncertainty
- Reduced stress

Reactive Cash Management Strategies

Holding off on Maintenance

One of the most common things we have heard from the communities we work with is around leaving maintenance around the community until the last minute or until something is broken. While holding off on maintenance may seem like a way to save money or stretch the budget in the short term it's often a costly and inefficient strategy.

Higher repair costs

Delaying maintenance can turn minor issues into major (and expensive) repairs. For example, ignoring a small roof leak might lead to water damage, mold remediation, and structural repairs.

Accelerated Asset Deterioration

When systems like HVAC, plumbing, or electrical are not properly maintained, they wear out faster. This shortens the lifespan of assets and leads to more frequent replacements, increasing capital expenditures.

Budget Strain on Reserve Funds

Emergency fixes typically come with a higher price tag and are often paid out of reserve funds. These unplanned withdrawals can disrupt long-term financial planning and leave the association unprepared for future needs.

Loss of Manager Productivity

When emergencies happen, property managers are forced to drop everything to respond. This reactive mode reduces time available for strategic planning, community engagement, or other high-value tasks.

Not Having a Clear Budget

Another reactive approach that can significantly hinder a property manager's ability to manage cash efficiently is not outlining a clear budget at the start of the year.

Unpredictable Cash Flow & Inefficient Use of Funds

Without a structured budget, it becomes difficult to anticipate when major expenses will arise or how much cash should be readily available. This lack of clarity can lead to rushed decisions, delayed payments, or unnecessary dips into reserve funds. It also means missed opportunities to earn interest, when funds aren't properly allocated, they may sit idle or be placed in accounts that aren't optimized for returns.



Reactive Cash Management Strategies

A clear, forward-looking budget allows you to plan for upcoming expenses and strategically time your investments. For example, you can build a CD ladder that aligns with your cash flow needs, ensuring funds are available when needed while maximizing interest earned. Without this planning, you risk locking money into CDs and then having to pay early withdrawal penalties to cover unbudgeted costs.

When cash isn't managed proactively, it's easy for funds to be spent on lower-priority items or left untouched. A well-defined budget keeps resources aligned with your community's long-term goals, reducing waste and allowing you to stay focused on the bigger picture rather than constantly reacting to the moment.

Stress & Burnout

Constantly reacting to invoices, emergencies, or board pressure without a cash management strategy adds unnecessary stress. A well-planned budget helps managers stay organized, reduce surprises, and operate from a place of control rather than chaos. Without a budget, property managers are flying blind, often overspending in some areas, underspending in others, and constantly putting out fires instead of planning for the future.

Manual Cash Management

Effective cash management strategy is one of the most critical, yet challenging, responsibilities for property managers. Too often, a reactive approach results in inefficiencies, added stress, and time spent scrambling for information instead of proactively planning, or worse, neglecting it altogether.

Leaving Interest on the Table

According to the FDIC, there are 4,517 FDIC-insured banks and 4,572 NCUA-insured credit unions, each offering different interest rates on deposits. Sorting through even a small fraction of these institutions to find the best rate can be overwhelming.

As a result, many property managers settle for the best rate they find at one or two local institutions and leave the funds there indefinitely. Without ongoing rate monitoring, it's easy to miss when better opportunities arise, or when the rate on the current account drops. This passive approach can cost your community hundreds of thousands of dollars in lost interest income over time.



Reactive Cash Management Strategies

Managing Multiple Financial Institution Accounts

Since the banking crisis of 2023, which saw the collapse of five major banks, including Silicon Valley Bank and Signature Bank, many property managers found themselves scrambling to ensure their funds were properly FDIC or NCUA insured. For those who weren't already prepared, it meant reacting under pressure, opening new accounts, and figuring out how to safeguard large reserve balances.

Even now, ensuring full government-backed insurance coverage remains essential. For communities with sizable reserves, this often requires spreading funds across multiple banks or credit unions. That means juggling multiple monthly statements, 1099-INTs, signer cards for board members, and a growing administrative burden.

When paired with the task of rate shopping to maximize interest, this reactive approach quickly consumes time and energy, time that could be better spent on proactive planning, resident needs, or other strategic initiatives.

No Automated Tasks

Cash management strategy tasks are just one piece of a property manager's already full plate, but without a proactive system in place, they can quickly pile up and become overwhelming.

Ongoing responsibilities involved:

- Managing multiple statements
- Tracking CD maturities
- Updating account signers
- Comparing interest rates
- Diversifying funds
- Setting up new accounts

When these tasks are handled manually, or pushed off until they're urgent, it results in a reactive cycle that creates unnecessary stress, missed opportunities, and time-consuming last-minute scrambles. Without automation or a clear plan, cash management becomes a constant source of inefficiency instead of a streamlined, value-adding process.



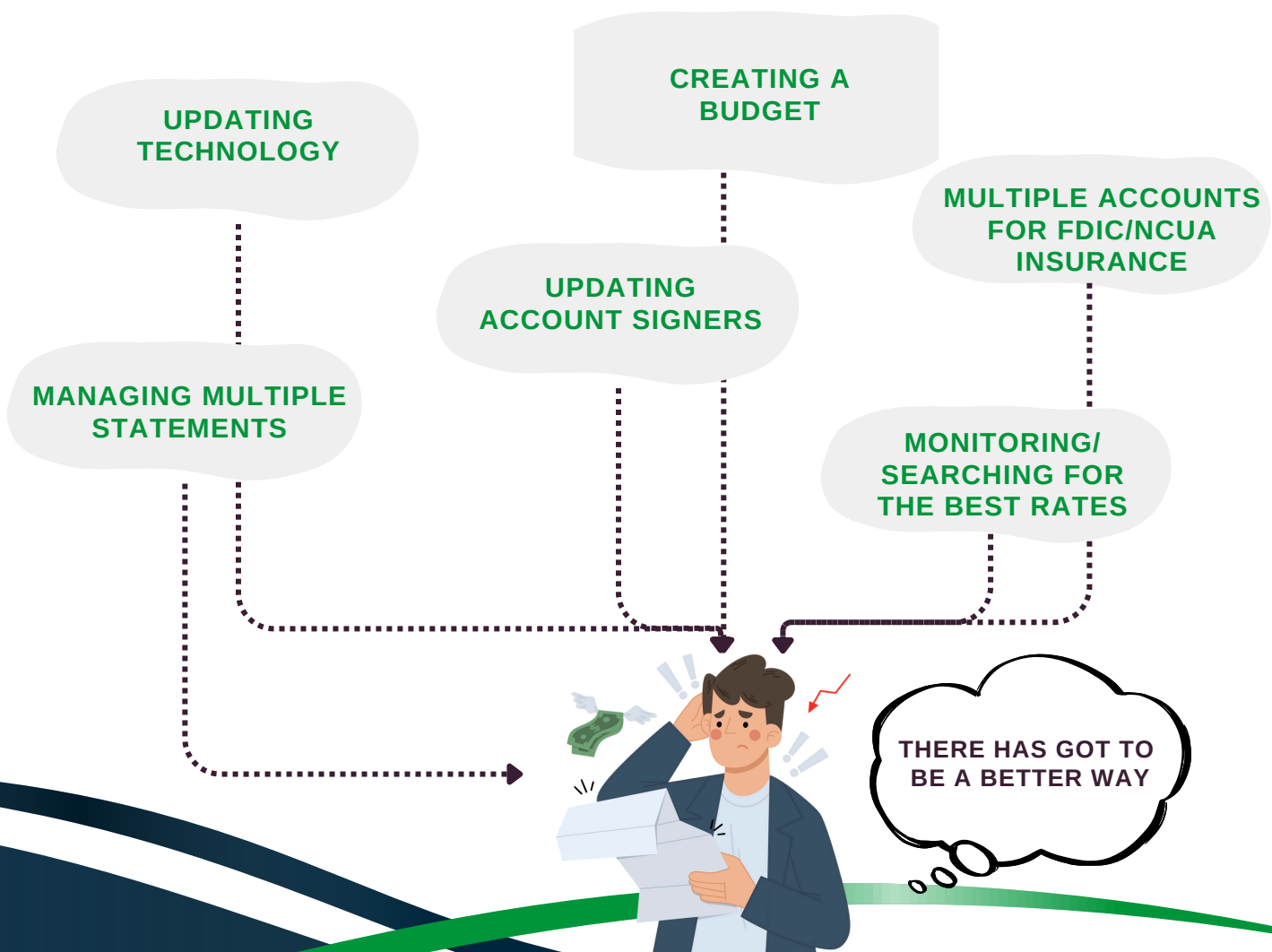
Reactive Cash Management Strategies

Outdated Technology

Technology can be a powerful tool for improving efficiency around cash management , but only when it's up to date. Many property managers are still operating with outdated systems that slow them down rather than support them.

Outdated technology often leads to frustration, longer processing times for otherwise simple tasks, and constant workarounds just to get things done. Instead of enabling proactive management, these tools force you into a reactive mode, always trying to catch up, fix errors, or find missing information. In the long run, it adds to your workload and takes time away from more strategic or resident-facing priorities.

With so many responsibilities competing for their attention, it's no surprise that property managers often face high turnover and burnout. So how can cash management tasks be simplified to free up time and allow them to focus on what matters most?



How to Pivot

Proactive Cash Management Strategies

Scheduling Routine Maintenance and Repairs

Transitioning to a proactive maintenance schedule can seem like more leg work in the front end, but once your plan is in place, it can dramatically reduce stress on property managers while improving the financial burden of repairs for the community.

Instead of waiting for things to break, scheduled maintenance ensures that routine inspections and upkeep happen consistently, extending asset life and avoiding costly surprises.

Predictable Budgeting

Setting up a regular maintenance schedule allows for more accurate budgeting and reduces the risk of unexpected expenses. Knowing when to expect certain repairs or replacements gives property managers the ability to plan ahead, both financially and operationally.

Lower Cost

By addressing small issues early, communities avoid the snowball effect of neglected maintenance. Preventative action is almost always cheaper than emergency response, resulting in less strain on reserve funds and fewer large capital projects.

Less Work on Property Managers

Proactive systems free managers from the chaos of last-minute calls and crisis management. With fewer emergencies, property managers can focus on resident relationships, strategic planning, and value-adding activities.

Create an Implementation Plan:

1. Conduct a Full Property Audit

4. Establish a Triage System

2. Build a Maintenance Calendar

5. Include Maintenance Schedule in Budget

3. Create a Vendor Maintenance Agreement

6. Review and Adjust as Needed

Proactive Cash Management Strategies

Creating a Budget

A clearly defined budget gives property managers a strategic roadmap for both daily operations and long-term planning. By outlining expected expenses, managers can better anticipate when funds will be needed. This allows them to optimize yield by locking in higher rates for funds not needed until later in the year or beyond.

Predictable Cash Flow

A proactive budget allows managers to anticipate large expenses, align cash reserves accordingly, and ensure liquidity when it's needed. This foresight minimizes cash crunches, avoids premature reserve fund usage, and eliminates guesswork in financial decisions.

Informed Investment Strategy

Knowing when funds will be needed means you can invest idle cash more confidently, whether in a high-yield savings account or a ladder CD structure. This generates additional interest income without compromising access to liquidity, turning your cash management into a strategic asset.

Reduced Stress on Property Managers

Property managers with a budget operate from a place of control rather than surprises. With a roadmap in place, property managers can plan, prioritize, and respond with confidence, eliminating the mental load that comes with constantly flying blind.

Create an Implementation Plan:

1. Review Historical Data - 2 Years or More

2. Segment the Budget by Priority & Timing

3. Build a Cash Allocation Strategy

4. Use Property Management & Accounting Tools

5. Review Quarterly and Make Adjustments

Proactive Cash Management Strategies

Understand Reserve Fund Options

With a clear budget in place, property managers gain visibility into upcoming expenses, giving them the confidence to shift focus from reacting to planning. This clarity allows them to take a more strategic approach to managing reserve funds.

Rather than chasing interest rates or scrambling during market shifts, a proactive strategy simplifies, protects, and maximizes returns. By using centralized tools, automation, or partnering with a cash management firm, property managers can ensure every dollar is working efficiently, without adding to their workload.

Know Investment Options

Having a clear understanding of the different investment options available for reserve funds is a top priority. The type of vehicles available will shape the overall investment strategy property managers implement.

The chart below outlines each investment vehicle's typical risk level, expected return, and ideal use case. By comparing these options side by side, property managers and board members can make more informed decisions based on their community's liquidity needs, risk tolerance, and time horizon. Thought out allocation across the right mix of vehicles can help optimize interest income while ensuring funds remain protected and accessible when needed.

INVESTMENT VEHICLE	ANTICIPATED RETURN	RISK LEVEL	LIQUIDITY	BEST OPTION FOR
MONKEY MARKET ACCOUNT	0.5% - 5%	Very Low	High	Emergency savings, short-term funds
TRADITIONAL SAVINGS ACCOUNT	0.01% - 1.5%	Very Low	Very High	Everyday savings, emergency funds
TREASURIES	2% - 5	Very Low	Moderate	Low-risk investing, retirement accounts
BONDS (CORPORATE & MUNICIPAL)	2% - 8%	Low - Moderate	Low - Moderate	Fixed income, tax-efficient investing
STOCK MARKET	7%-10%	Low - Moderate	Low - Moderate	Long-term growth, wealth building

Proactive Cash Management Strategies

If navigating these investment options feels overwhelming, partnering with a cash management firm or financial expert can be a smart move. These professionals can assess reserve balances, upcoming projects, and liquidity needs to develop a customized strategy tailored to each community's goals.

While there's no wrong strategy, some choices are more effective than others. Selecting the wrong investments could mean leaving interest income on the table. Often, the most efficient approach is a blended strategy, leveraging a mix of options like high-yield savings, CDs, and other low-risk instruments, to strike the right balance between growth, safety, and accessibility.

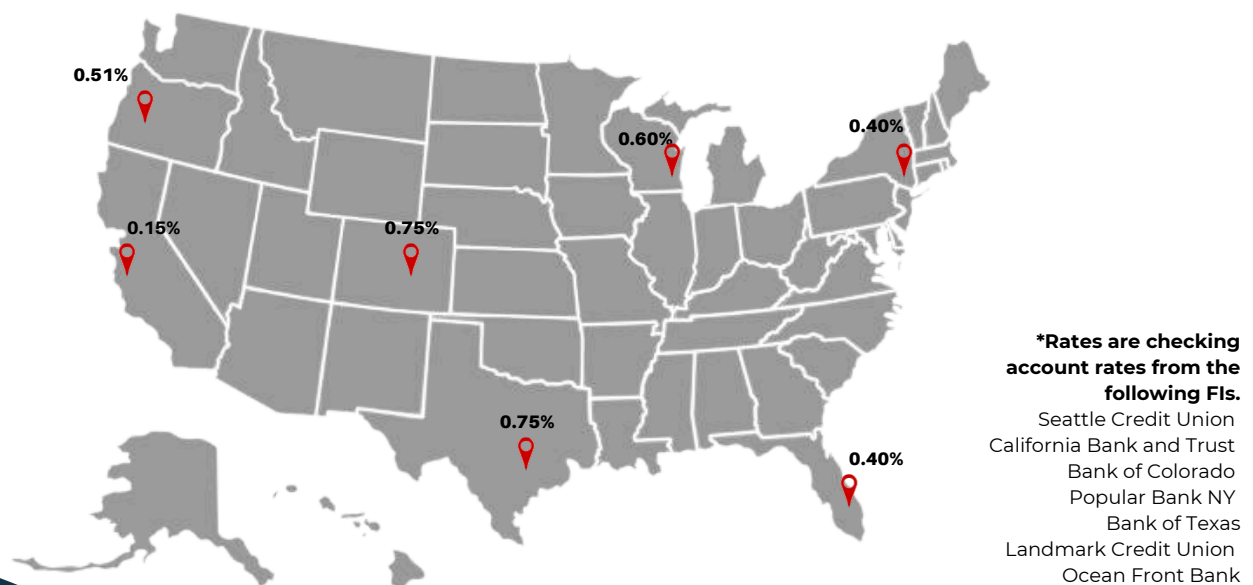
Maximized Interest Earnings

A proactive approach to reserve fund management includes setting up systems to monitor and automatically move deposits to institutions offering the most competitive rates. However, with over 9,000 government-backed banks and credit unions in the U.S., manually tracking rates across all of them is unrealistic and time-consuming.

As a result, many property managers end up defaulting to local institutions or the first few that appear in a quick online search. But interest rates can vary significantly by region, and what looks like a good rate locally might fall short compared to offers elsewhere.

Take a look at the graphic below, which shows average interest rates across major U.S. regions. As you can see, relying on limited data could mean missing out on higher earnings for your reserve funds.

*Rates in this graphic are averages and only meant to show geographical differences. Rates in the graph are typical of what organizations may see not working with a cash management firm.



Proactive Cash Management Strategies

To address this challenge, many property managers partner with a cash management firm. These firms have access to extensive networks of financial institutions and can place your funds where they'll earn the most competitive returns.

Thanks to their institutional relationships, they can often secure higher rates than what an individual property manager would be offered when walking into a bank directly.

TIP!

Look for a cash management firm that uses technology to actively manage your funds. This means continuously monitoring interest rates and reallocating deposits to institutions offering the most competitive returns. Not all firms offer this level of automation and oversight.

Streamlined FDIC/NCUA Coverage

Diversifying reserve funds to ensure full FDIC or NCUA insurance is essential, especially in light of the 2023 failures of Silicon Valley Bank and Signature Bank. While the FDIC protected all depositors in those cases, it is never guaranteed.

However, achieving that level of protection can quickly become a logistical challenge for property managers. For example, a \$1 million reserve fund would need to be split across at least five institutions to stay fully insured. Managing multiple accounts like this can be time-consuming, complicated, and stressful. A simpler solution is to use a single account that provides access to full FDIC/NCUA coverage.

One option is to work with a financial institution that offers a cash sweep program, though these often come with below-average interest rates due to the added benefit of insurance coverage. A more efficient approach is to partner with a cash management firm.

A reputable firm can offer access to full insurance coverage while also providing a secure, transparent portal to track all community funds. You'll be able to see where funds are held, access monthly statements, and manage everything in one place. Best of all, rates are often higher than what most banks offer for comparable insured solutions.

Proactive Cash Management Strategies

Reduce Administrative Workload

As a property manager, the responsibilities tied to cash management and reserve funds can quickly become overwhelming. From rate shopping and tracking CD maturities to managing multiple bank accounts and keeping signer information up to date, the list of manual tasks continues to grow.

While delegating these responsibilities would be ideal, that's not always an option. This is where a cash management firm can be a game-changer. In addition to managing reserve funds, a good firm helps streamline your workload by automating and consolidating key tasks.

A strong cash management partner will handle:

- **Consolidated statements** – Simplify month-end with a single, easy-to-read report
- **CD tracking** – Get automatic alerts as CDs near maturity and easily reinvest or reallocate
- **Signer updates** – Automatically prompt signers with paperwork, no need to follow up manually
- **Rate monitoring** – Technology actively tracks and reallocates funds for optimal interest
- **Fund diversification** – Ensure access to full FDIC/NCUA coverage across all reserve balances

By offloading these tasks, property managers gain back valuable time to focus on residents, projects, and community growth.

Confidence During Market Shifts

Bank collapses and rate changes are beyond your control, but the response doesn't have to be. With an automated, diversified cash management system, navigate uncertainty with confidence, knowing reserves are protected and optimized.

Create an Implementation Plan:

1. Use a Cash Management Platform or Partner

3. Automate Routine Tasks

2. Set or Check Rules for Liquidity vs. Returns

4. Review Strategy Annually

Proactive Cash Management Strategies

Modernize and Automate Technology

By upgrading to contemporary, integrated platforms, property managers can streamline workflows, reduce errors, and reclaim time to focus on high-value tasks.

Efficiency and Fewer Errors

Modern software platforms streamline routine tasks, such as invoicing, maintenance tracking, and resident communication, reducing manual workarounds and minimizing the risk of human error.

When it comes to invoicing, many platforms (or even some vendors you work with) offer automated payment options. These features can lighten your workload. Instead of remembering due dates and rushing to process payments, you can enter the invoice once, set the payment to process automatically on its due date, and move on.

This “set-it-and-forget-it” approach helps reduce late payments and manual errors while giving you peace of mind. It also improves cash efficiency: by holding funds until the due date rather than sending out checks early, you allow your account balances to earn interest for longer, maximizing returns without sacrificing accuracy or timeliness.

Scalability & Flexibility

Cloud-based platforms can scale easily as a community grows or operations change. You can add new modules, integrate with banking and accounting tools, and adapt without system overhauls. As communities’ needs continue to grow, the software can grow with, decreasing the chance of needing to constantly upgrade.

Reduced Stress & Time for Strategic Focus

With reliable systems, you avoid dealing with system failures, data silos, or vendor workarounds. Freed from technical hassles, property managers can prioritize resident engagement, community initiatives, and long-term planning.

Create an Implementation Plan:

1. Audit Your Current Technology

2. Determine Your Needs & Priorities

3. Research and Select Software

4. Automate and Integrate

5. Monitor Performance and Update Regularly

Reactive vs. Proactive Cash Management

Wrap Up & Takeaways

Proactive cash management isn't just a financial best practice, it's a way to reduce stress, regain valuable time, and create more stability for both property managers and the communities they serve.

By addressing outdated processes, unclear budgeting, unmonitored reserve funds, and underutilized technology, property managers can transform what is often a reactive, burdensome task into a streamlined and strategic advantage. Whether it's through better budgeting, smarter investment planning, or partnering with a cash management firm that offers automation and oversight, the opportunity is clear: less time spent managing money means more time for managing what truly matters, the communities.

At ADM, we believe your time shouldn't be spent tracking down signatures, chasing rates, or sorting through statements. It should be spent leading, planning, and connecting with the people and places you support. We're here to help make that shift possible.

Key Cash Management Areas to Implement Proactive Strategies

- Routine Maintenance and Repairs
- Budgeting
- Investment Strategies
- Automating Repetitive and Administrative Tasks
- Updating Technology

About ADM

Since 2009, ADM has been a trusted partner for property managers seeking smarter, simpler cash management solutions. Today, we help manage reserve funds for more than 500 communities, freeing up time, reducing administrative burden, and ensuring every dollar works harder.

ADM provides access to extended FDIC/NCUA insurance coverage, access to optimal rates, and real-time visibility into all funds via our online portal. Our patent pending technology actively manages reserve funds continuously monitoring interest rates within our network and reallocating deposits to institutions offering the most competitive returns.

ADM is here to take the weight of cash management off your plate, so you can focus on what matters most: your communities.

Contact Us
info@americandeposits.com
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