

IOLTA Guidelines for Financial Institutions

For questions or additional information, please contact:
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The Interest on Lawyers Trust Accounts (IOLTA) program is a unique partnership between attorneys and the banking community where interest on certain lawyer trust accounts is paid to the New Hampshire Bar Foundation, resulting in a statewide grant program to promote justice.

The IOLTA program in New Hampshire was established in 1982 when the New Hampshire Supreme Court adopted Rule 50 requiring attorneys to “create or maintain an interest-bearing trust account for clients’ funds which are nominal in amount or to be held for a short period of time.”

The portion of Supreme Court Rule 50 pertaining to bank guidelines follows:

Rule 50. Trust Accounts

(1) *Interest-Bearing Trust Accounts.* A member of the New Hampshire Bar shall create or maintain an interest-bearing trust account for clients' funds which are nominal in amount or to be held for a short period of time and must comply with the following provisions:

A. An interest-bearing trust account shall be established with any bank or savings and loan association authorized by federal or State law to do business in New Hampshire and insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation ("financial institution"). Funds in each interest-bearing trust account shall be subject to withdrawal upon demand.

B. The rate of interest payable on any interest-bearing trust account shall be the same rate of interest paid by the depository institution for all other holders of similar accounts. Interest rates higher than those offered by the institution on regular checking or savings accounts may be obtained by a lawyer or law firm on some or all deposited funds so long as there is no impairment of the right to withdraw or transfer principal immediately.

C. Lawyers, law firms or others acting on their behalf when depositing clients' funds in an interest-bearing account shall direct the depository institution:

(i) to remit interest or dividends, as the case may be, at least quarterly, to the New Hampshire Bar Foundation; and

(ii) to transmit with each remittance to the Foundation a statement showing the name of the lawyer or law firm for whom the remittance is sent; and

(iii) to transmit to the depositing lawyer or law firm at the same time a report showing the amount paid to the Foundation.

The following is an overview of other established IOLTA guidelines:

Title of Account: “IOLTA” or “Clients Funds” should appear in the title of the account, along with the attorney or firm name and address.

Tax Identification Number: The account will show the New Hampshire Bar Foundation, taxpayer identification number 02-0333762, as the recipient of interest. In addition, neither the IRS nor the New Hampshire Bar Foundation requires that a 1099 be generated on IOLTA accounts. If a 1099 is generated, it should reflect the Foundation’s TIN.

Service Charges: Virtually every financial institution participating in the IOLTA program in New Hampshire opts to waive all routine service charges on IOLTA accounts due to the charitable nature of the program. In no cases shall bank charges be deducted from principal.

Interest Rates: Rule 50 states, “the rate of interest payable on any interest-bearing trust account shall be the same rate of interest paid by the depository institution for all other holders of similar accounts. Interest rates higher than those offered by the institution on regular checking or savings accounts may be obtained by a lawyer or law firm on some or all deposited funds so long as there is no impairment of the right to withdraw or transfer principal immediately.”

Leadership Banks: The New Hampshire Bar Foundation is pleased to work with banks to develop IOLTA products and account rates that will maximize the interest earned. Leadership banks are those banks that have created a special rate for IOLTA that yields 2% or higher, exceeds the bank’s standard NOW rate; and waives routine service charges. There are currently 16 leadership banks, reflecting support for the overall goals of the Foundation and a commitment to community-based banking. Leadership Banks are regularly recognized in all Bar Foundation publications, on the Foundation’s website and in the *New Hampshire Bar News*, a semi-monthly newspaper sent to all members of the New Hampshire Bar Association. For more information about becoming a leadership bank, please email David G. Snyder, executive director dsnyder@nhbarfoundation.org, or call (603)715-3255.

Form to Open an IOLTA Account: IOLTA accounts are established with the ***Authorization to Financial Institutions*** form. This form authorizes the bank to enroll the account in the IOLTA program, to forward earned interest to the Foundation on a monthly basis, and to name the New Hampshire Bar Foundation, taxpayer identification number 02-0333762, as the recipient of interest. A copy of the form with new account information should be faxed to 603-224-2910 or mailed to the New Hampshire Bar Foundation, 2 Pillsbury Street, Suite 300, Concord, NH 03301.

Interest Remittance: Interest on IOLTA accounts should be remitted to the Foundation on a monthly basis. If interest is remitted by check, a summary form must accompany the check. Although there is no set format for this form, it should contain all of the following information: Name & Address of Financial Institution, Contact Person (Name & Telephone Number), Period Covered by Report, Interest Rate During the Period, List of Accounts, including Law Firm Name, Account Number and Total Interest Earned (by account). **Interest Remittance form sample.**