



## CLIENT TRUST FUNDS

Client funds are required to be kept separate from the firm operating account(s).

It is highly advisable that you and others in your firm handling trust funds familiarize yourself with these regulations and confirm that everyone in the office complies with these procedures. Specific regulations vary by state, but the common duties are listed below:

- Do not commingle firm funds with client funds; keep client funds separate and apart in a trust account.
- Maintain accurate and complete records of all trust transactions.
- Promptly notify clients of activity and pay client funds they are entitled to.
- Reconcile accounts regularly (recommended 3-way reconciliation monthly).

### IOLTA PROGRAMS

IOLTA stands for Interest on Lawyers Trust Accounts – this is a program founded in the 1980s for the purpose of raising money for charitable purposes, primarily providing legal services to indigent persons. Often, the amount of money that a lawyer handles for a single client and deposits to the trust bank account is quite small or held for only a short period of time. It cannot earn interest for the client in excess of the costs incurred to collect that interest. Banks instead forward the interest earned on these accounts to the state IOLTA program, which uses the money to fund a variety of charitable causes.

In 2013, state IOLTA programs generated more than \$151.8 million nationwide. These funds, together with state and federal appropriations as well as private grants and donations, enable many non-profit legal aid providers to help low-income people with civil legal matters such as landlord/tenant issues, child custody disputes, and advocacy for those with disabilities.

### RECENT UPDATES

In recent years, there have been several notable updates and developments in the realm of IOLTA programs:

#### INCREASED FUNDING

Despite economic fluctuations, IOLTA programs have seen a steady increase in funding. In 2024, the total funds generated by state IOLTA programs exceeded \$160 million nationwide. This increase has been attributed to higher interest rates and enhanced banking partnerships.

#### EXPANDED LEGAL SERVICES

The additional funds have allowed IOLTA programs to expand their scope of services. More non-profit legal aid providers are now able to help in areas such as immigration law, veterans' rights, and consumer protection.

#### TECHNOLOGICAL ADVANCEMENTS

Many IOLTA programs have adopted new technologies to streamline operations and improve efficiency. Online platforms for managing trust accounts and automated reconciliation tools have become more prevalent, reducing administrative burdens and minimizing errors.

### ENHANCED COMPLIANCE MEASURES

There has been a push towards stricter compliance measures to ensure that all attorneys handling trust funds adhere to the highest standards. Regular audits and mandatory training sessions have been implemented to reinforce the importance of proper trust fund management.

### COMMUNITY OUTREACH

IOLTA programs have increased their community outreach efforts, raising awareness about the availability of legal aid services funded by IOLTA. This has led to greater utilization of these services by those in need.

By staying informed about these updates and ensuring compliance with the established regulations, attorneys can continue to effectively manage client trust funds and contribute to the success of IOLTA programs.