NEW YORK STATE OF OPPORTUNITY. | IOLA FUND
Funding Justice for All

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Lawyer's Guide to IOLA Accounts

A. OVERVIEW

Attorneys routinely receive third party funds to be held in trust for future use. If these funds are large in amount or to be held for a long period of time, the attorney customarily deposits the money in an interest-bearing account in the name of, and for the benefit of, the third party.

In the case of deposits which are small in amount or are short term in duration, it is impractical to establish separate interest-bearing accounts. The IOLA program requires attorneys to open IOLA accounts for the deposit of these "qualified funds." No client is deprived of any practical income opportunity because the administrative costs to the lawyer and the service charges of the financial institution, coupled with a resulting tax liability to the client, would more than offset any income earned.

The determination of whether moneys are "qualified funds" is made solely in the judgment of the attorney who holds the funds in trust. New York has a statutory hold harmless provision whereby attorneys shall neither be liable in damages nor held to answer for a charge of professional misconduct because of a deposit of moneys into an IOLA account, made pursuant to the attorney's good-faith judgment that such moneys were "qualified funds."

The funds pooled in IOLA accounts generate interest income that the financial institutions transmit directly to the IOLA Fund. Guided by its 15-member Board of Trustees, the IOLA Fund uses this income to make grant awards to non-profit civil legal aid organizations that assist low-income New Yorkers.

For more information, review Rule 1.15 of the New York State Rules of Professional Conduct, and relevant IOLA Laws and regulations all available on our website or contact the IOLA Fund's General Counsel.

B. OPENING AN IOLA ACCOUNT

1. **Select a Participating Bank**
   There are nearly 180 participating financial institutions to choose from; the list of participating banks is available on our website. Because every dollar of IOLA interest supports civil legal aid for low-income New Yorkers, attorneys are encouraged to select a **Platinum Partner Bank** that charges **no maintenance fees**, as those banks have made a special commitment to go beyond minimal compliance with the regulations and remit a competitive interest rate.

2. **Go to the Bank and Open an IOLA Account**
   Any attorney licensed to practice in New York State may open an IOLA account at a participating bank. The bank will likely verify that you are an attorney and confirm your identity, but it should not create undue obstacles to opening the account. The IOLA Fund does not provide approval letters or certifications to the attorney on their eligibility to open an IOLA account.

3. **Ensure that your IOLA Account is Set up Properly**
   a. To be an IOLA account, the bank should associate the account with the IOLA Fund's tax ID number, not your tax ID number. Confirm this with the bank.

   b. The title of your account must contain:
      i. the attorney or law firm's name; and
      ii. the acronym "IOLA;" and
      iii. one of the following phrases (usually designated by the bank): "Attorney Trust Account," or "Attorney Escrow Account," or "Attorney Special Account"

      Examples: **Sally Smith Attorney Trust Account/IOLA OR**
      Spade & Jones, LLP IOLA Attorney Escrow Account

   c. Use your own mailing address. Do not list the IOLA Fund's address as the address of record for the account. The address you list should be the address associated with your law practice. The IOLA Fund should not receive and takes no responsibility for your monthly bank account statements.

   d. Any regular monthly maintenance charges are deducted from any interest earned on your IOLA account. You are responsible for paying all check-book printing fees and other charges, including wire transfers, stop payments, and overdraft or non-sufficient funds (NSF) fees. If you maintain an operating account at the same bank, the bank may agree to arrange for fees to be taken from the operating account. Alternately, you may deposit funds into your IOLA account in an amount sufficient to cover such fees before they are charged.

   e. An IOLA account may not have overdraft protection.

4. **Enroll with the IOLA Fund**
   After opening the account and within 30 days, submit to the IOLA Fund a NYS IOLA Account Attorney Enrollment Form available on our website with the attorney's registration number and contact information.