



The State Bar *of California*

Interest on Lawyers' Trust Accounts (IOLTA) Handbook for Financial Institutions

December 2025

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IOLTA PROGRAM BACKGROUND

The Interest on Lawyers' Trust Accounts (IOLTA) program, authorized by the legislature at Business & Professions Code section 6211 requires lawyers to place certain nominal and short-term client funds into pooled interest - or dividend-bearing accounts. The interest or dividends generated on these accounts is remitted by financial institutions to the Office of Access & Inclusion (OAI) IOLTA program, which in turn, awards grants to nonprofit legal services organizations to assist indigent persons with civil legal problems throughout the state. These funds are an integral part of a comprehensive system to ensure that low-income Californians have access to justice in the State of California. For more than thirty years, California's IOLTA program has proved to be a valuable partnership between attorneys and financial institutions to fulfill this critical public need.

All funds that a lawyer or law firm receives or holds for the benefit of a client or other person in connection with the performance of a legal service or representation by a lawyer must be deposited in one or more trust accounts, but not every trust account established by a lawyer or law firm will be an IOLTA account. It is the attorney or law firm's obligation to determine which funds should be held in an IOLTA account – only those funds that cannot earn income for the client or third person in excess of the costs incurred to secure such income should be held in an IOLTA account. If a lawyer or law firm determines that the funds should be held for the benefit of individual clients or third persons, then the lawyer or firm will place the funds in a non-IOLTA trust account that will usually bear the social security number or tax identification number of the individual client, third person, or law firm.

IOLTA-ELIGIBLE FINANCIAL INSTITUTIONS

Participation in the IOLTA program is voluntary for financial institutions, but attorneys cannot hold an IOLTA account at a financial institution that does not meet the requirements set forth by Statute and detailed herein.

To become an eligible IOLTA financial institution, a completed [IOLTA Compliance Statement](#) and Deposit Rate Specification Report must be submitted for review. Once eligibility has been verified, IOLTA staff will send your financial institution an eligibility confirmation letter and add your financial institution to the [IOLTA Eligible Financial Institutions](#) list published on the State Bar.

For more information about becoming an IOLTA-eligible financial institution, please email BankingCompliance@calbar.ca.gov.

Statutory Requirements for Financial Institutions

Under amended Business & Professions Code §§ 6091.2, 6211, 6212, and 6213(j), the law requires California lawyers to place IOLTA accounts only at financial institutions that pay interest rates or dividends on eligible accounts comparable to those paid to similarly situated non-IOLTA customers.

Eligible Account Types

An IOLTA account means an account or investment product established and maintained pursuant to § 6211 (a) that is any of the following:

Option 1: Any interest-paying business checking account product, including checking accounts paying indexed, preferred or tiered rates.

Option 2: A money market account with unlimited check writing capability

Option 3: A business interest checking account with a sweep feature allowing funds to be swept to a money market fund or daily overnight financial institution repurchase agreement invested in, or fully collateralized, by U.S. Government securities.

Interest Rate Requirements

Financial institutions may not discriminate between IOLTA accounts and accounts of non- IOLTA customers when paying interest, unless it is to pay IOLTA accounts a higher rate, such as defined by the [Leadership Bank Program](#). A financial institution may offer any one of the following in order to comply with the rules:

- **Leadership Banks:** Some financial institutions have reinforced their commitment to funding civil legal services to vulnerable low-income Californians by becoming [Leadership Banks](#). Leadership Banks volunteer to provide increased interest, free of fees, for their IOLTAs. Leadership Banks agree to pay, on all IOLTAs, at least the established compliance rate (ECR), Leadership Banks receive public recognition for their support of justice for all. The State Bar of California highlights Leadership Banks in its communications to attorneys and external stakeholders, prominently lists Leadership Banks on the State Bar's IOLTA webpage, and in communications and publications related to IOLTA.
- **Pay the Established Compliance Rate (ECR):** The established compliance rate is an amount that is 68 percent of the federal funds target rate, or 0.68 percent, whichever is higher, and may charge fees on all IOLTA accounts (See Allowable Fees and Service Charges). Federal Reserve's open market committee may change the federal funds target rate that may affect the established compliance rate in California, an amount deemed to be net of allowable reasonable fees. This Established Compliance Rate may be adjusted by the Office of Access & Inclusion and is effective the first business day of the month following the federal reserve change.
- **Establish IOLTA accounts as comparable rate products:** Comparable rate products are eligible accounts that earn no less than the highest interest rate or dividend generally available from the institution to non-IOLTA account customers when the IOLTA account meets the same minimum balance or other eligibility qualifications. Financial institution may also emulate the comparable product rate. Instead of converting IOLTA accounts to higher paying products such as money market or business sweep accounts, an institution can simply choose to pay the equivalent rates, less allowable fees, if any, of those products in the IOLTA deposit account. Financial institutions that select this option typically benefit from an increased ease of administration, as compared to moving IOLTA accounts to different products when rates dictate.

Leadership Banks and the Community Reinvestment Act (CRA)

Leadership Banks have the opportunity to make a substantial difference in the funding available to IOLTA funded non-profits and may help with your financial institution's obligations under the **Community Reinvestment Act**. IOLTA funds help families stay in their homes and find economic stability and physical safety in their community.

For more information about how IOLTA funds benefit individual clients as well as entire communities, see the most recent [impact report](#) identifying outcomes achieved by legal aid and life-changing impact of these services for low-income Californians.

The interest remitted on IOLTA accounts goes directly to the Office of Access & Inclusion's IOLTA program at the State Bar of California, which, in turn, distributes the funds to nearly 100 nonprofit organizations providing critical legal services to their communities. IOLTA is one of the primary sources of funding for services that include:

- assisting victims of domestic violence
- advocating on behalf of persons with disabilities
- ensuring the homeless get available services and benefits
- providing legal advice to entrepreneurs and micro-businesses in low-income neighborhoods

Participating financial institutions reflect the intention of the CRA because their support of legal aid to low-income Californians in crisis supports economic self-sufficiency and builds stronger communities. Paying higher rates on IOLTA accounts that fund grants to provide legal aid to low and middle income (LMI) communities can be an innovative way to leverage your CRA investments.

The Office of Access & Inclusion at the State Bar of California will work with your financial institution or regulatory agency to provide a CRA acknowledgement letter stating how your financial institution contributes to LMI communities through IOLTA interest payments. By raising interest rates even a small amount, you can demonstrate your financial institution's commitment to upholding the ideals of the federal Community Reinvestment Act.

Allowable Fees and Service Charges

Reasonable Service Charges: Financial institutions may only deduct the following service charges from the interest or dividends earned on each IOLTA account: per-check charges, per-deposit charges, monthly fees, such as fees in lieu of minimum balance, federal deposit insurance fees, or sweep fees. Fees and charges must be calculated in accordance with the institution's standard practice and may be deducted only from the interest or dividends earned on the IOLTA account. All other charges are the responsibility of and may be charged to the lawyer or law firm account holder. Financial institutions may choose to waive any or all fees on IOLTA accounts. Reasonable service charges do not include other costs, such as the cost of check printing, deposit stamps, NSF charges, collection charges, wire transfers, and fees for cash management services. These other

charges are deemed to be ordinary business expenses that must be paid for by an attorney or law firm that receives or disburses trust funds.

Negative Netting is Prohibited: Negative netting by financial institutions is prohibited. Negative netting is defined as “assessing service charges on an IOLTA account that exceed the interest earned on that IOLTA account.” Service charges on an IOLTA accounts may never exceed the interest earned on that IOLTA account. Service charges may not be deducted from the principal balance, and they may not be deducted from the interest or dividends earned on other IOLTA accounts. Since these accounts contain client funds held in trust by attorneys or law firms, any invasion of the principal is improper.

IOLTA Remittance Report and Interests

Financial institutions may remit interest or dividend payments either monthly or quarterly for all the accounts they hold. Interest or dividends earned on the accounts should be calculated in accordance with the financial institution’s standard methodology based on the average daily balance in the IOLTA account. **Remittance payments and reports are due the 10th of the month following the end of the reporting period** and will be considered delinquent on the last day of the month following the end of the reporting period.

Information reported on the remittance report must show all the IOLTA account numbers, the names of the lawyers or law firms, the amount of the remittance attributable to each account maintained by each lawyer or law firm, the rate and type of interest or dividends applied, the amount of interest or dividends earned, the amount and type of fees deducted, if any, and the average daily account balance on which the interest or dividends were paid (for example, average daily collected balance) for the period for which the report is made. Financial institutions must submit a remittance report even if no interest or dividend is being paid for the remitting period.

Remittance Report and the Financial Institutions Portal

The State Bar of California requires all IOLTA eligible financial institutions to utilize the State Bar’s secure Financial Institutions Portal to electronically submit their monthly IOLTA remittance report. The Financial Institutions Portal uses multi-factor authentication to confirm the identify of each user.

The State Bar will enable users based on the contact information provided on the IOLTA Compliance Statement. To add additional users, email BankingCompliance@calbar.ca.gov and provide the names and email addresses of staff that will need access to the Financial Institutions Portal. Contacts will receive an email link to create a password. **NOTE: Email links expire within 24 hours.**

Once a password has been created, users will be able to access the online system for IOLTA reporting. See the Financial Institutions Portal Handbook on the [State Bar’s Banking Compliance webpage](#), or bankers may contact our office at BankingCompliance@calbar.ca.gov.

All financial institutions must use the “IOLTA Remittance Report” Excel template for their electronic submission. A template of the Remittance Report is available on the [Financial](#)

[Institutions Portal](#). The name of the file submitted to the State Bar should be the financial institution name followed by the month and year, for example, “Financial Institution Name, January 2025.”

IOLTA Remittance Report Template

Do not alter or recreate the template as the report will not upload correctly to portal.

- A. Download standard remittance template from [Financial Institutions Portal](#).
- B. Start with Part II Detail Statement tab of the IOLTA Remittance Report form.
- C. Account Number, Account Name: Enter lawyer/law firm full account number and full account name. The **total number of accounts** is what will be reported on Part I Summary A. **Do not count the same account number more than once.**
- D. Total Average Daily Balance: Calculate the **total sum** of the Total Average Daily Balance for each account for the monthly period of the report. If reporting quarterly, the Total Average Daily Balance should be calculated for the entire quarter. The **total sum** is what will be reported on Part I Summary B.
- E. IOLTA rate: Agreed interest rate on completed Compliance Form.
- F. Non-IOLTA Rate for CRA: If the IOLTA rate is higher than the statutorily required rate (for example if the Financial Institution is paying the Leadership rate), list the lower rate here.
- G. Interest or Dividends Earned: Interest or dividend earned per reporting period. The **total sum** is what will be reported on Part I Summary C.
- H. Fee in Lieu of Minimum Balance, Activity Fees, Sweep Fees, and Other Fees: If applicable, note any fees charged (Compliance form Option C). The **total sum of fees** is what will be reported on Part I Summary D.
- I. Net Amount Remitted: Interest remitted to The State Bar of California. The total interest earned less total service fees should equal the total net amount paid to IOLTA. The **total sum** is what will be reported on Part I Summary E.
- J. Fees waived for recognition & CRA report purposes: Participating Leadership Banks that waive fees for CRA credit. (Compliance form Option A)
- K. New or Closed Account: Designate **N** (new) or **C** (closed). All accounts must be accounted for on each consecutive IOLTA remittance report (including any open accounts earning \$0.00 interest). Unless the account has been designated as closed on the previous report, it should be listed.
- L. The resulting totals from these columns should be reflected on page one of the summary statement to complete sections A, B, C, D, and E.
- M. Complete Part I Summary Statement tab of the IOLTA Remittance Report form and include the financial institution, remitter contact, and monthly/quarterly report period

information. **Sections A, B, C, D, and E, reflecting totals from the Detail Statement tab, and interest rate paid must be completed.**

N. Note: The Total Interest Earned less Total Service Fees should equal the Total Net Payment (Amount Due) paid to IOLTA which is reported on Summary E.

NOTE: It is important not to modify the format of the template as reports with a modified template will fail to upload.

Common Errors

Guidance to common errors financial institutions can avoid when completing their IOLTA remittance reports.

- Missing data in column field.** Remitters must fill out fields such as the Account Number, Account Name, Average Daily Net Balance, IOLTA Rate, Fees, and Net Amount. **Ensure the fields highlighted in yellow are filled.** *Manually entering column totals in Details tab may cause an error (only shown for guidance purposes), but totals should match with manual entry to Summary Statement's box C.

The screenshot shows the IOLTA Remittance Report form, divided into two main parts: Part I: Summary Statement and Part II: Detail Statement.

Part I: Summary Statement

Section A: Institution Name: TEST BANK, Title of Contact: TEST NAME, Address: 123 TEST, City: TEST CITY, State: TEST STATE, Zip Code: 12345, Telephone: 123-456-7890, Email: TEST@TEST.COM

Section B: Report Period: From 1/1/2000, Through 3/31/2000, Reporting Financial Institution (ABA number): 1234567890, Check/Wire #: 123, Date: 4/5/2000

Section C: Summary Totals: Total of Average Available Daily Balance for all I.S.T.F.P. accounts: 224,749.00; Total interest earned in the period for all I.S.T.F.P. accounts: 200.43; Total service charges charged for all I.S.T.F.P. accounts during the period: 0.00; Net Payment (Amount Due) (Column D) for the period: 200.43

Section D: Applicable Interest or Dividend Rate table:

From	To	Rate (APR)
1.00	1,000,000.00	1.05

Section E: Part II: Detail Statement table:

Account Number	Account Name (Lawyer/Law Firm Name)	Average Available Daily Balance	IOLTA Rate (APR)	Non-IOLTA Rate for CRA Report purposes	Interest or Dividends Earned	Fee in Lieu of Minimum Balance (if charged)	Activity Fees (if charged)	Sweep Fees (if charged)	Other Fees (if charged)	Net Amount Remitted	Fees Waived for recognition of CRA report purposes	New or Closed Account (N or C)
123	TEST NAME 1	185,413.00	1.050		165.35	0.00	0.00	0.00	0.00	165.35		
456	TEST NAME 2	39,336.00	1.050		35.08	0.00	0.00	0.00	0.00	35.08		
		224,749.00			200.43					200.43		

- **Mismatching numbers on Net Interest and Interest Earned columns.** The interest or dividends earned and net amount columns amount should always match unless there are fees deducted.

Incorrect entry – Box A and Box C do not Match

Box A and Box C do not match. Since there are no reported fees in Box B, Box A and Box C should have the same value.

Part II: Detail Statement

Average Available Daily Balance	IOLTA Rate (APR)	Non-IOLTA Rate for CRA Report purposes	Interest or Dividends Earned	Fee in Lieu of Minimum Balance	Activity Fees	Sweep Fees	Other Fees	Net Amount Remitted	Fees Waived for recognition & CRA report purposes	New or Closed Account
(\$)	(%)	(%)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(N or C)
185,413.00	1.050		165.35	0.00	0.00	0.00	0.00	165.35		
39,336.00	1.050		95.08	0.00	0.00	0.00	0.00			
224,749.00			200.43					165.35		

Box D and Box F do match. Since a fee was reported in Box E, Box D and Box F should have different values to reflect fees charged. Box F shows the Net Amount to remit when the fee from Box E is calculated.

Part II: Detail Statement

Average Available Daily Balance	IOLTA Rate (APR)	Non-IOLTA Rate for CRA Report purposes	Interest or Dividends Earned	Fee in Lieu of Minimum Balance	Activity Fees	Sweep Fees	Other Fees	Net Amount Remitted	Fees Waived for recognition & CRA report purposes	New or Closed Account
(\$)	(%)	(%)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(N or C)
185,413.00	1.050		165.35	0.00	0.00	0.00	0.00	165.35		
39,336.00	1.050		95.08	10.00	0.00	0.00	0.00	25.08		
224,749.00			200.43					190.43		

- **Not reporting fees on remittance form.** If fees are charged, these charges must be entered on remittance Detail and Summary tabs.

Incorrect Entry

Box A does not show fees.

Box C shows fees were deducted but not reflected in Box A.

Part II: Detail Statement

	Non-IOLTA Rate for CRA Report purposes (%)	Interest or Dividends Earned (\$)	Fee in Lieu of Minimum Balance if charged (\$)	Activity Fees if charged (\$)	Sweep Fees if charged (\$)	Other Fees if charged (\$)	Net Amount Remitted (\$)	Fees Waived for recognition & CRA report purposes (\$)	New or Closed Account (N or C)
		165.35	0.00	0.00	0.00	0.00	165.35		
		35.08	0.00	0.00	0.00	0.00	35.08		
		200.43					200.43		

Part I: Summary Statement

Institution Name:	TEST BANK
Name/Title of Contact:	TEST NAME
Address:	123 TEST
City:	TEST CITY
State:	TEST STATE
Telephone:	123 456 7590
E-mail:	TEST@TEST.COM
3/31/2000	
4/5/2000	
Summarized by this statement	# 2
for all L.S.T.F.P. accounts	\$ 224,749.00
L.S.T.F.P. accounts	\$ 200.43
L.F.P. accounts during the period	\$ 10.00
for the period	\$ 190.43

- **Inputting numbers manually on Summary sheet.**

The Summary tab's "Total Net Payment" field (Box A) and Details tab's "Net Amount Remitted" column (Box B) will automatically calculate totals. To avoid an error message when uploading to Financial Institutions Portal, do not alter these formulas.

Box A and Box B have a formula to automatically calculate Net Amount Remitted in Detail (Box A) and Net Payment in Summary (Box B). **Do not override the formula in these cells.** When copying and pasting from a separate document onto the Excel template Detail tab, only paste up to Column J (Other Fees) so the formula in Box A will not get impacted. In the Summary tab Box B, the formula will automatically calculate the Net Payment. By not manually entering values for Box A and Box B, remittance calculations should be correct.

Part I: Summary Statement

Institution Name:	TEST BANK		
Name/Title of Contact:	TEST NAME		
Address:	123 TEST		
City:	TEST CITY		
State:	TEST STATE	Zip Code:	12345
Telephone:	123 456 7590		
E-mail:	TEST@TEST.COM		
3/31/2000			
4/5/2000			
unarranged by this statement	#		2
for all L.S.T.F.P. accounts	\$		224,749.00
L.S.T.F.P. accounts	\$		200.43
F.P.P. accounts during the period	\$		0.00
at the period	\$		200.43

A

Part II: Detail Statement

Non-IOLTA Rate for CRA Report purposes	Interest or Dividends Earned	Fee in Lieu of Minimum Balance if charged	Activity Fees if charged	Sweep Fees if charged	Other Fees if charged	Net Amount Remitted	Fees Waived for recognition & CRA report purposes	New or Closed Account (N or C)
(%)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
	165.35	0.00	0.00	0.00	0.00	165.35		
	35.08	0.00	0.00	0.00	0.00	35.08		

B

NOTE: Negative netting is not allowed as seen in Box C and can be prevented if manual override of auto-calculation is not tampered. As noted in the Client Trust Account Handbook, negative netting by financial institutions is prohibited. Negative netting is defined as “assessing service charges on an IOLTA account that exceed the interest earned on that IOLTA account.” Service charges on an IOLTA accounts may never exceed the interest earned on that IOLTA account. Service charges may not be deducted from the principal balance, and they may not be deducted from the interest or dividends earned on other IOLTA accounts. Since these accounts contain client funds held in trust by attorneys or law firms, any invasion of the principal is improper.

INCORRECT ENTRY

Part II: Detail Statement

Non-IOLTA Rate or CRA Report purposes (%)	Interest or Dividends Earned (\$)	Fee in Lieu of Minimum Balance if charged (\$)	Activity Fees if charged (\$)	Sweep Fees if charged (\$)	Other Fees if charged (\$)	Net Amount Remitted (\$)	Fee Waiv for recogn & CRA re purp (\$)
	165.35	0.00	0.00	0.00	0.00	165.35	
	12.00	15.00	0.00	0.00	0.00	(3.00)	C
	177.35					162.35	D

CORRECT ENTRY

Part II: Detail Statement

on-IOLTA Rate CRA report purposes (%)	Interest or Dividends Earned (\$)	Fee in Lieu of Minimum Balance if charged (\$)	Activity Fees if charged (\$)	Sweep Fees if charged (\$)	Other Fees if charged (\$)	Net Amount Remitted (\$)	Fee Waiv for recogn & CRA re purp (\$)
	165.35	0.00	0.00	0.00	0.00	165.35	
	12.00	15.00	0.00	0.00	0.00	0.00	E
	177.35					165.35	F

- **For Quarterly remitters: Do not list the same account 3 times.** Financial institutions that remit quarterly must take each account’s average daily balance for the quarter and enter the data on the remittance template. Do not input the same account number on the remittance template three times.

Incorrect Entry

Box A: Test Name 1 and Test Name 2 are listed three times.

Box B, C, D: Calculation is the sum for 3 months.

Box E: Information from Box A – D.

Part II: Detail Statement

Account Number	Account Name (Lawyer/Law Firm Name)	Average Available Daily Balance	IOLTA Rate (APR)	Non-IOLTA Rate for CRA Report purposes	Interest or Dividends Earned	Fee in Lieu of Minimum Balance if charged	Activity Fees if charged	Sweep Fees if charged	Other Fees if charged	Net Amount Remitted	acc C
		(\$)	(%)	(%)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
123	TEST NAME 1	185,412.00	1.050		165.35	0.00	0.00	0.00	0.00	165.35	
456	TEST NAME 2	39,336.00	1.050		35.08	0.00	0.00	0.00	0.00	35.08	
123	TEST NAME 1	185,415.00	1.050		165.35	0.00	0.00	0.00	0.00	165.35	
456	TEST NAME 2	39,335.00	1.050		35.08	0.00	0.00	0.00	0.00	35.08	
123	TEST NAME 1	185,412.00	1.050		165.35	0.00	0.00	0.00	0.00	165.35	
456	TEST NAME 2	39,337.00	1.050		35.08	0.00	0.00	0.00	0.00	35.08	
		674,247.00			601.29					601.29	

Part I: Summary Statement

Institution Name:	TEST BANK	
Name/Title of Contact:	TEST NAME	
Address:	123 TEST	
City:	TEST CITY	
State:	TEST STATE	Zip Code: 12345
Telephone:	123 456 7590	
E-mail:	TEST@TEST.COM	
3/31/2000		
4/5/2000		
summarized by this statement	#	2
for all L.S.T.F.P. accounts	\$	674,247.00
L.S.T.F.P. accounts	\$	601.29
L.F.P. accounts during the period	\$	0.00
or the period	\$	601.29

Correct Entry

Box A: Test Name 1 and Test Name 2 are listed once.
 Box B, C, D: Calculation is the *average* for 3 months.
 Box E: Calculations from Box A – D.

Part II: Detail Statement												
Account Number	Account Name (Lawyer/Law Firm Name)	Average Available Daily Balance	IOLTA Rate (APR)	Non-IOLTA Rate for CRA Report purposes	Interest or Dividends Earned	Fee in Lieu of Minimum Balance if charged	Activity Fees if charged	Sweep Fees if charged	Other Fees if charged	Net Amount Remitted	Fees Waived for recognition & CRA report purposes	New or Closed Account (N or C)
		(\$)	(%)	(%)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
A	123 TEST NAME 1	185,413.00	1.050		165.35	0.00	0.00	0.00	0.00	165.35		
	456 TEST NAME 2	39,336.00	1.050		35.08	0.00	0.00	0.00	0.00	35.08		
		224,749.00	B		200.43	C				200.43	D	

Part I: Summary Statement	
Institution Name:	TEST BANK
Name/Title of Contact:	TEST NAME
Address:	123 TEST
City:	TEST CITY
State:	TEST STATE
Telephone:	123 456 7590
E-mail:	TEST@TEST.COM
3/31/2000	
4/5/2000	
Summarized by this statement	\$ 224,749.00
for all L.S.T.F.P. accounts	\$ 200.43
U.S.T.F.P. accounts	\$ 0.00
L.T.F.P. accounts during the period	\$ 200.43
for the period	

Remit Interest Payment

Payment of Interest is due on or before the 10th of each month following the reporting period.

We encourage, and prefer, remittance by ACH or wire transfers. Please contact BankingCompliance@calbar.ca.gov to obtain the necessary wire transfer/ACH account information.

Wire transfer/ACH required info:

- Sender Name:
- Your Financial Institution Name:
- Sender Address:
- Your Financial Institution Address:

Mailing address of live checks can be sent to:

State Bar of California Access & Inclusion
 P.O. BOX 885607
 Los Angeles, CA 90088-5607

For Express Payments of live checks:

Lockbox Services - # 0175607
State Bar of California Access & Inclusion
Wells Fargo Bank
3440 Flair Dr.
El Monte, CA 91731

Note: Do not send hardcopy of remittance report with check payment.

Adjustments and Errors

Remittance errors:

- **For Annual Reporting:** Financial institution users may upload an updated (and corrected) version of the annual report to the Financial Institutions Portal any time prior to the March 1 deadline. The updated report will automatically replace the previously uploaded report.
- **For Monthly/Quarterly IOLTA Remittances:** Financial institution users must notify State Bar to request release of the previously submitted remittance report so that they may upload an amended report.

Reconciliation of account information: Semi-annually or at other reasonable intervals, the State Bar reconciles the information in financial institution remittance reports with the compliance reports that California attorneys provide to us. The cooperation of financial institutions in finding and correcting errors is appreciated.

Erroneous deductions: If IOLTA staff becomes aware that a member business expense is erroneously deducted from IOLTA funds, IOLTA staff will inform the financial institution and request the error be corrected.

Miscellaneous

Contact person: Financial institutions are encouraged to designate an “IOLTA Contact Person” for their institution to serve as a liaison. Provide the designated contact’s name, title, address, phone number, and email address to BankingCompliance@calbar.ca.gov. Contact IOLTA immediately for any change in staffing.

Financial Institution Mergers: Please provide immediate notice if the financial institution acquires, merges with, or is acquired by another financial institution, noting last expected remittance reporting month prior to such acquisition or merger. Changes to financial institution name, ownership, or rates will require an updated [compliance statement](#).

Distributing IOLTA procedures to branch personnel: It is requested that financial institutions distribute this Guideline for Financial Institutions to branch personnel who most often deal

directly with attorney customers and are encouraged to email BankingCompliance@calbar.ca.gov with any questions on opening an IOLTA account.

Overdraft Notices: Do not send notifications of overdrafts from attorney trust accounts to the IOLTA program. Please email OCTC.reportable.actions@calbar.ca.gov or send your attorney trust account overdraft report, as required by Business and Professions Code Section 6091.1, to:

The State Bar of California
Attention: Office of Chief Trial Counsel – Intake Unit
845 South Figueroa Street
Los Angeles, CA 90017-2515

ANNUAL REPORTING

California attorneys are required to provide financial institution the State Bar's [Notice to Financial Institutions to Establish a Trust Account and Provide Designated Licensee Name and State Bar Number](#) for all new trust accounts.

Financial institutions, including banks and credit unions, holding California client trust accounts associated with California attorneys must collect and maintain attorneys' State Bar license numbers of licensees associated with the trust accounts ([Business and Professions Code section 6091.3](#)). These collected State Bar numbers are required to become part of the financial institutions' trust account record and will be reported to the State Bar in the annual client trust account report.

Financial institutions must electronically report to the State Bar by March 1 the following information for each attorney trust account (IOLTAs and non-IOLTAs):

- The name of the financial institution
- The name of the attorney or law firm associated with the account
- The account number
- The attorney's State Bar license number
- The trust account balance as of December 31 of the prior year

Financial institutions must electronically upload their Annual Report through the Financial Institutions Banking Portal.

FREQUENTLY ASKED QUESTIONS

Q: WHAT IS AN IOLTA ACCOUNT?

IOLTA is the acronym for “Interest on Lawyers’ Trust Accounts.” Attorneys routinely receive client funds to be held in trust for future use. In cases of amounts that are small or are to be held for a short time, it is impractical to establish separate interest-bearing accounts for individual clients. In this case, funds are placed into an IOLTA pooled account, with interest earned on the account paid to the State Bar of California, which distributes the money to legal services organizations. An IOLTA account remains in the lawyer/law firm’s name, but it bears the State Bar’s tax identification number (94-6001385) where interests are remitted.

Q: WHAT IS A NON-IOLTA TRUST ACCOUNT?

If the amount is large or the funds are to be held for a long period of time, the attorney should place these monies at interest for the benefit of the individual client. Since the interest will go to the client, the client’s tax identification number will be used, not the State Bar’s.

For example, if the deposit is large enough and/or will be held long enough to generate net interest for the client, (including attorney staff time and costs) the attorney should hold those trust funds in a separate interest-bearing account for the individual client. Lawyers and law firms – not financial institutions – have the responsibility for deciding which accounts they must have and what is deposited in each.

Q: ARE ATTORNEYS REQUIRED TO ESTABLISH AN IOLTA ACCOUNT?

No. All lawyers must comply California’s Rules of Professional Conduct, but compliance does not necessarily require having an IOLTA account. By law, all lawyers who handle small amounts of money for their clients, or money that is held for a short period of time, must participate in the program. They must open interest- or dividend-bearing trust accounts at Eligible Financial Institutions, deposit all small and short-term sums into these accounts, and report the account to the State Bar.

Q: ARE THERE ELIGIBILITY REQUIREMENTS TO PARTICIPATE IN THE IOLTA PROGRAM?

Yes. Participation in IOLTA is voluntary for financial institutions, but a lawyer cannot keep attorney client funds in financial institutions unless the financial institution meets requirements set forth in Business and Professions Code §§ 6091.2, 6211, 6212, and 6213(j), and has been found eligible. Refer to the [IOLTA Compliance Statement](#).

Q: HOW DO FINANCIAL INSTITUTIONS SET-UP AN IOLTA ACCOUNT?

Under [Business and Professions Code section 6091.3](#), financial institution must collect and maintain attorneys’ State Bar license numbers associated with the trust account and follow the procedures below when opening a new IOLTA account:

- Attorney customer will present a completed [Notice to Financial Institutions to Establish a Trust Account and Provide Designated Licensee Name and State Bar Number](#) form. This form instructs financial institutions how to establish an IOLTA account and should be provided to all branch personnel to accommodate attorney clients and to ease the opening process for financial institutions.
- All IOLTA accounts should be established in the name of the attorney or law firm and

should be interest-bearing accounts. It is very important to ensure that the account is clearly identified as an IOLTA account (see title designations below).

- Use the State Bar's tax ID #94-6001385 for the IOLTA account - do not use the attorney's or law firm's TIN or Social Security number.
- Link account to the rate financial institution was approved for CA IOLTA accounts.
- State Bar of California is exempt from federal income tax under Section 501(a) of the internal revenue code, 1099 forms or other reports of interest are not required to be prepared or submitted to the Internal Revenue Service for IOLTA accounts.
- **Important: Do not send IOLTA bank statements to the State Bar.**

Q: IS THERE A SPECIAL TITLE DESIGNATION FOR THE IOLTA ACCOUNT?

[California Rules of Professional Conduct, rule 1.15](#) requires that attorneys who handle money belonging to their clients deposit the funds in one or more clearly identifiable trust accounts. Appropriate titles for IOLTA accounts include: Law Firm XYZ Client Trust Account, Client Trust Account for Attorney XYZ, or Law Office of XYZ IOLTA account.

Q: ANNUAL REPORTING OBLIGATION DEADLINE FOR FINANCIAL INSTITUTIONS

By March 1 of each year, financial institutions must electronically report each attorney trust account (IOLTAs and non-IOLTAs) maintained at their institution.

Q: IS IT NECESSARY TO PREPARE IRS FORM 1099 FOR IOLTA ACCOUNTS?

No. The IRS has advised that a financial institution does not need to report interest income generated by an IOLTA account. In fact, in order to minimize administrative problems, a Form 1099 should not be prepared on these accounts. The attorney or law firm's tax identification number should *never* be used for IOLTA accounts. If a financial institution cannot suppress the generation of 1099s, the taxpayer identification number should reflect that of the State Bar.

Q: IS IT NECESSARY TO PREPARE IRS FORM 1099 FOR NON-IOLTA TRUST ACCOUNTS?

Generally, you will need to report interest income generated by a Non-IOLTA trust account. The client's tax identification number or social security number should be used to open and report on the non-IOLTA trust account. The State Bar's tax identification number should not be used on non-IOLTA trust accounts. See the IRS website for more information.

Q: WHAT IS THE STATE BAR'S REPORTING PORTAL URL?

The State Bar of California's Financial Institution Portal to report IOLTA monthly/quarterly remittance report and the annual report is here: <https://apps.calbar.ca.gov/cta>.

Q: I ALREADY HAVE CREDENTIALS FROM THE OLD PORTAL. DO I NEED TO REGISTER FOR THE ANNUAL REPORTING PORTAL?

The State Bar of California's Financial Institutions Portal consists of two paths: IOLTA Monthly/Quarterly Remittance Report and Annual Reporting. Financial institutions may choose to designate a different employee for annual reporting, and do not have to be a current Financial Institutions Portal remitter. Guideline to the State Bar of California's Financial Institutions Portal is here: <https://apps.calbar.ca.gov/cta>.

Q: HOW CAN I ADD OR REMOVE FINANCIAL INSTITUTIONS PORTAL MONTHLY/QUARTERLY REMITTANCE USERS?

Email BankingCompliance@calbar.ca.gov with name and email address of staff requiring Financial Institutions Portal access or inactivation for remittance reporting.

Q: WHERE CAN I FIND ADDITIONAL INFORMATION?

Financial institutions may refer to www.BankingCompliance.com/iolta for forms, templates, and updated IOLTA information. Financial institutions may also email BankingCompliance@calbar.ca.gov.

Notice to Financial Institution to Establish Trust Account



The State Bar
of California

DIVISION OF REGULATION

NOTICE TO FINANCIAL INSTITUTION TO ESTABLISH TRUST ACCOUNT AND PROVIDE DESIGNATED LICENSEE NAME AND STATE BAR NUMBER

Attorney Information

INSTRUCTIONS TO ATTORNEYS: All funds a lawyer receives in connection with legal representation in which a client or a third party has an interest must be deposited in a trust account. Entrusted funds must be held in either an unsegregated trust account, also known as an Interest on Lawyer's Trust Account (IOLTA) or a non-IOLTA type trust account. [Business and Professions Code section 6211, subdivision \(a\)](#) requires attorneys or law firms that receive or disburse client funds in trust to establish an IOLTA, for any such funds that are nominal in amount or that are on deposit or invested for a short period. Funds that are larger than nominal or will be held for longer periods should be deposited into individual, interest-bearing, non-IOLTA accounts. See [Business and Professions Code section 6211, subdivision \(b\)](#). This obligation is further described in the Business and Professions Code and in "[Guidelines for Attorneys](#)."

Pursuant to [subdivision \(d\) of section 6091.3 of the Business and Professions Code](#) and [subsection \(F\) of rule 2.5 of the Rules of the State Bar](#), attorneys or firms must (1) Complete this form for all applicable associated client trust accounts (one form for each account), (2) serve the completed form on the financial institution pursuant to [section 684.115 of the Code of Civil Procedure](#), (3) take a copy of this form to your financial institution branch when opening or updating the registration information (make sure the financial institution is [eligible](#) to offer IOLTA accounts if you are opening or updating an IOLTA), and (4) update your trust account registration and contact information via [My State Bar Profile](#) and/or [Agency Billing](#) within 30 days of any changes to your trust account or contact information.

Purpose: Open new IOLTA Open new non-IOLTA Update existing IOLTA Account Holder Information Update existing non-IOLTA Account Holder Information
(Check One)

Law Firm Name: _____
 Designated Licensee Name:* _____
 Designated Licensee State Bar Number:* _____
 Name of Financial Institution: _____
 Trust Account Name: _____
 Trust Account Number: _____
 Mailing Address Line 1: _____
 Mailing Address Line 2: _____
 City: _____ State: _____ Zip: _____
 Telephone: _____ Email Address: _____

*If the trust account is maintained by a law firm, the law firm must assign a member who is a current State Bar licensee to be the designated licensee. See subsection (D) of rule 2.4 of the Rules of the State Bar and [subsection \(E\) of rule 2.5 of the Rules of the State Bar](#) for more information.

Financial Institution Information

INSTRUCTIONS TO FINANCIAL INSTITUTIONS: Attorneys must serve this form on financial institutions under [section 6091.3 of the Business and Professions Code](#). Financial institutions receiving a State Bar license number shall incorporate the license number into its books and records under [subdivision \(e\) of section 6091.3 of the Business and Professions Code](#).

All attorney trust accounts should be designated as fiduciary accounts in the attorney or law firm's name. All CA IOLTA accounts must bear the State Bar of California's Taxpayer Identification Number 94-6001385 to ensure that interest or dividends generated by this account will be paid to the State Bar's IOLTA program. No IRS Form 1099 is required to be filed for IOLTA accounts. IOLTA accounts are NOT subject to backup withholding. All IOLTA accounts must earn interest or dividends comparable to those earned by other accounts of similar size at the same financial institution. Interest in accordance with your standard account disclosure must be remitted monthly or quarterly, pursuant to [Business and Professions Code sections 6212 and 6213](#). Bank statements should not be sent to the State Bar unless specifically requested.