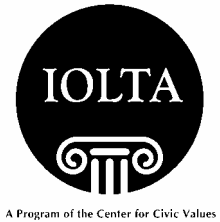




## What is the Interest on Lawyer Trust Accounts (IOLTA) Program?



IOLTA is an idea that originated in British, Canadian and Australian jurisdictions in the 1960s. In the United States, IOLTA was pioneered in Florida and now exists in every state in the country. The New Mexico IOLTA program was approved by the State Supreme Court in 1984 and is now one of the largest non-governmental funders of civil legal services for poor people in our state.

Through IOLTA, attorneys and firms may pool otherwise unproductive client funds in interest-bearing accounts. Only those funds that are either *nominal in amount* or *held for a relatively short period of time* (making investment on the client's behalf impractical) are eligible to earn interest for the IOLTA program. That interest is then paid to the Center for Civic Values (formerly the New Mexico Bar Foundation), the administrator of IOLTA, for distribution to programs that provide legal services to poor people, public law-related education or improvements in the administration of justice.

**Participation in IOLTA is free and does not affect the administrative duties of managing a trust account.** Upon conversion to an IOLTA account, the only change that will occur is that the trust account will generate interest, and the bank statements for the account will reflect the interest earned and paid to the IOLTA program. Additionally, **there are no tax consequences for the financial institution, the law firm or the client.** Interest earned and paid on IOLTA accounts is reported to the Internal Revenue Service via a Form 1099 generated by the financial institution and bearing the Center's taxpayer identification number.

**Enrolling in IOLTA is easy!** By completing a simple form, attorneys can instruct their financial institutions to convert their existing trust accounts to interest-bearing IOLTA accounts. If an attorney does not currently have a trust account, by completing the same easy form, s/he can establish an IOLTA account. Nearly all New Mexico financial institutions are cooperating partners in the IOLTA program. However, if an attorney wishes to establish an IOLTA account at a non-participating institution, the Center's staff would be happy to provide assistance to both the attorney and the bank.

You may learn more about IOLTA, by calling Anthony Gonzales, 764-9417, extension 19, or 800-451-1941, extension 19 (outside Albuquerque); by writing to [iolta@civicvalues.org](mailto:iolta@civicvalues.org); or, by faxing 505-242-5179. You may also visit IOLTA on the web at [www.civicvalues.org](http://www.civicvalues.org).