

IOLTA Preferred Bank Initiative

Why IOLTA Matters to our Community

“IOLTA” stands for “Interest on Lawyers Trust Accounts.” The District of Columbia Court of Appeals started the DC IOLTA Program in 1985. Under this Program, lawyers who receive client funds that cannot earn interest for the client can deposit those funds in a “pooled” IOLTA account with a bank. Under the Court’s Program, interest earned on these pooled IOLTA accounts is paid to the District of Columbia Bar Foundation, a D.C. non-profit corporation. The Bar Foundation uses the interest generated by IOLTA accounts to make charitable contributions to not-for-profit organizations that provide free civil legal services to poor and underserved people in the District of Columbia.

IOLTA funds in D.C. provide the largest single non-appropriated source of funding for civil legal services in our community. For example, IOLTA funds provide support for lawyers who help poverty-line families stay in their homes, protect domestic violence survivors from further harm, and secure disabled children the educational resources they need. In short, IOLTA helps lawyers make a difference in the lives of some of the most vulnerable in our community.

How the IOLTA Preferred Bank Initiative Helps

The D.C. Bar Foundation established the IOLTA Preferred Bank Initiative to recognize qualifying financial institutions that commit to:

- Receiving and maintaining D.C. Bar approval to hold DC IOLTA accounts;
- Providing good interest rates on all D.C. – IOLTA accounts. The benchmark qualifying rate is at least 75% of the Federal Funds Rate on a majority of the bank’s DC-IOLTA balances; and
- Waiving service charges and fees.

The Foundation launched this program in early 2006 after observing that IOLTA rates were remaining at levels well below market (on average 0.5%) at a time when interest rates on other accounts were over 3%. The Foundation lists the IOLTA Preferred Banks on its web site and in IOLTA advertisements in *The Washington Lawyer*, the monthly magazine received by all 80,000 members of the D.C. Bar. Additional interest received through the Initiative goes directly to providers of civil legal services to the poor and disadvantaged in the District of Columbia.

Financial institutions interested in learning more about the IOLTA Preferred Bank Initiative should contact Bar Foundation Executive Director Katherine L. Garrett at 202.467.3750 ext. 12 or garrett@dcbfoundation.org.