

Summary of Allowable Fees on IOLTA Accounts

Illinois Rule of Professional Conduct 1.15B¹ places limits on the account fees and service charges an eligible financial institution can collect from the gross interest earned on IOLTA accounts.

Allowable Reasonable Fees

A financial institution may deduct only **allowable reasonable fees** from the interest earned on each IOLTA account, and only if the financial institution assesses those fees on comparable bank accounts maintained by non-IOLTA depositors. This requirement is established in Rule of Professional Conduct 1.15B(c) and 1.15C(i). This table summarizes what may be deducted from IOLTA interest as allowable reasonable fees, and what are fees that should be paid by the lawyer or law firm that owns the IOLTA account:

Allowable Reasonable Fees

- per-check charges
 - per-deposit charges
 - fee in lieu of a minimum balance
 - federal deposit insurance fees
 - automated investment (“sweep”) fees
 - a reasonable maintenance fee (only if same fees are charged on comparable bank accounts maintained by non-IOLTA depositors)
- Only these fees may be deducted from gross IOLTA interest

Fees Chargeable to Account Holders

The lawyer or law firm that owns the IOLTA account is responsible for all other fees, including those for:

- check-printing
 - wire transfers
 - non-sufficient funds or overdrafts
 - charge backs
 - other handling and convenience fees
- Financial institutions *may not* deduct these fees from gross IOLTA interest



No Negative Netting

Financial institutions may not deduct allowable reasonable fees that exceed the earnings accrued on an individual IOLTA account for any month from the earnings accrued on other IOLTA accounts held or from the principal of the account. **This practice – negative netting – is explicitly prohibited** by Illinois Rule of Professional Conduct 1.15B(c).

Waiving Service Charges

Because IOLTA is a charitable program serving public purposes, more than 80% of Illinois financial institutions choose to waive all service charges on IOLTA accounts.

Questions? Contact the Lawyers Trust Fund of Illinois at 312.938.3906 or IOLTAREPORT@LTF.ORG.

¹ This is the same rule that requires lawyers to hold IOLTA funds only at financial institutions that pay comparable rates on IOLTA accounts.