

**I O L T A**  
 (INTEREST ON LAWYERS TRUST ACCOUNTS)  
**NOTICE TO ELIGIBLE FINANCIAL INSTITUTION**

To Establish IOLTA Account  
 (To be completed by lawyer/law firm for each IOLTA account.)

TO FINANCIAL INSTITUTION

FROM:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 Lawyer/Law Firm  
 \_\_\_\_\_  
 \_\_\_\_\_

Name on Account: \_\_\_\_\_

Account Number: \_\_\_\_\_

The undersigned is establishing an IOLTA account in compliance with Rule 1.15 of the Michigan Rules of Professional Conduct. You are authorized to open (if new), or change the status of my/our law firm's existing trust account, to the highest paying of the following offered to customers of your institution when minimum balance or other requirements are met (including that funds must be able to be withdrawn upon request as soon as permitted by applicable law):

- an interest- or dividend-bearing checking account (e.g., Negotiable Order of Withdrawal interest checking)
- a money market account with or tied to check-writing
- a business checking/interest checking/NOW account with sweep option which is a money market fund or daily overnight financial institution repurchase agreement invested solely in or fully collateralized by U.S. Government Securities (*Due to minimum balance requirements the sweep option is only available to accounts identified by the eligible institution and the Michigan State Bar Foundation.*)
- an open-end money market fund as defined by applicable federal statutes and regulations under the Investment Company Act of 1940, solely invested in or fully collateralized by U.S. Government securities and with total assets of at least \$250,000,000.

The account should be/remain in my/our law firm's name. However, financial institutions should designate the account with the tax identification number (38-1459016) of the Michigan State Bar Foundation, which will be paid interest or dividends from the account.

The Michigan Supreme Court has ordered that interest or dividends on the IOLTA account, less reasonable service charges, must be remitted at least quarterly to the Michigan State Bar Foundation.

<b>Remit check/draft to:</b> Michigan State Bar Foundation Department 77805 PO Box 77000 Detroit, MI 48277-7805	<b>Fed wire information:</b> Call the Michigan State Bar Foundation for instructions at (800) 968-6723.	<b>ACH information:</b> Call the Michigan State Bar Foundation for instructions at (800) 968-6723.
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The Foundation is a not-for-profit corporation exempt from federal income tax. **No 1099 forms are required** for IOLTA accounts (Internal Revenue Code §6049), and IOLTA accounts are not subject to back-up withholding. Further, **no W-9 form mailing is required** (Internal Revenue Code Reg. §35a.9999-1).

INSTRUCTIONS FOR HANDLING SERVICE CHARGES, REMITTANCES TO THE FOUNDATION, AND REMITTANCE REPORTS ARE PRINTED ON PAGE 2 OF THIS FORM. If you have any questions about how IOLTA accounts are set up, please contact your branch (or main office) operations center for assistance or call the Foundation at (517) 346-6400 or 1-800-968-MSBF for a complete "Michigan Financial Institutions IOLTA Handbook" or visit the Foundation's web site at [www.msbf.org/iolta](http://www.msbf.org/iolta).

**BY (ALL IOLTA ACCOUNT SIGNATORIES)**

Date: \_\_\_\_\_

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Name) (State Bar P Number)

\_\_\_\_\_  
 (Name) (State Bar P Number)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Name) (State Bar P Number)

\_\_\_\_\_  
 (Name) (State Bar P Number)

**FINANCIAL INSTITUTION ACCEPTANCE:**

\_\_\_\_\_  
 Authorized Signature

\_\_\_\_\_  
 IOLTA Account Number Assigned

Distribution: Original to Financial Institution • Copy to Foundation (**Attach a list of all lawyers in law firm**) • Copy to Law Firm  
 MICHIGAN STATE BAR FOUNDATION, 306 TOWNSEND STREET, LANSING, MI 48933  
 (517) 346-6400 • 1-800-968-MSBF • FAX (517) 371-3325 • [www.msbf.org](http://www.msbf.org)

# INSTRUCTIONS FOR FINANCIAL INSTITUTIONS

## CALCULATING INTEREST OR DIVIDENDS

Interest or dividends should be calculated on the average monthly balance in the IOLTA account or as otherwise computed in accordance with your standard accounting practice. To be a financial institution which may offer IOLTA accounts you must pay IOLTA accounts no less than the highest rate you pay to non-IOLTA customers when the account meets the same minimum balance or other eligibility qualifications. Instead of establishing higher rate products for higher balance IOLTA accounts, financial institutions can choose to simply pay sweep or other applicable product rates (e.g., through the use of tiered rates) on existing IOLTA accounts. See *Michigan Financial Institutions IOLTA Handbook* at [www.msbf.org/iolta](http://www.msbf.org/iolta).

## REMITTANCE TO MICHIGAN STATE BAR FOUNDATION

Interest or dividends, net of allowable service charges, must be remitted to the Michigan State Bar Foundation at least quarterly (monthly remittance preferred). See page 1 of this form for instructions for remitting by check, Fed Wire, and ACH.

## LUMP SUM REMITTANCE FOR MULTIPLE ACCOUNTS

After deducting allowable fees, if any, from interest or dividends on an individual IOLTA account, the amount to be remitted from that account may be combined with amounts from the institution's other IOLTA accounts for one lump sum remittance to the Foundation.

## REMITTANCE ADVICE

Individual remittance advice must be provided for each IOLTA account even if no interest or dividends are being paid for that remitting period. Information reported on the remittance advice must show the IOLTA account number, the name of the lawyer or law firm, 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 from that account, if any, and the average account balance for the period for which the report is made. (A remittance advice form is printed in the *Michigan Financial Institutions IOLTA Handbook* available from the Foundation.)

*The financial institution must also send the lawyer/law firm holding the account a regular periodic account statement* of activity or other report in accordance with normal procedures for reporting to depositors. The lawyer/law firm address should be used for this statement. This statement should not be sent to the Foundation.

## SERVICE CHARGES

Financial institutions may deduct the following allowable service charges from the interest or dividends earned on an IOLTA account: per check charges, per deposit charges, a fee in lieu of a minimum balance, federal deposit insurance fees, sweep fees and a reasonable administrative or maintenance fee. Fees and service charges must be calculated in accordance with the institution's standard practice and may only be deducted from the interest or dividends earned on the IOLTA account. These 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. The lawyer is responsible for all other fees (e.g., check-printing, wire-transfer, NSF charges, etc.).

## WAIVING SERVICE CHARGES AND PROVIDING PREMIUM RATES ON IOLTA ACCOUNTS

Because IOLTA is a charitable program serving public purposes, many financial institutions choose to waive all service charges on IOLTA accounts. The Foundation regularly publicizes to Michigan Lawyers those institutions that waive all fees. Institutions may also choose to contribute by voluntarily paying a higher yield on IOLTA accounts. The Foundation can provide sample or customized information for inclusion in a CRA statement and will assure other recognition as appropriate.

## NO FORM 1099 OR W-9 REQUIRED

IOLTA accounts do not require either W-9 or 1099 forms. Because the tax identification number will not match the name on the account, unnecessary tax reporting on these accounts could cause difficulty. If your system cannot bypass tax reporting, be certain to identify the Michigan State Bar Foundation (tax identification number 38-1459016) as the payee/recipient of the interest or dividends.

## FURTHER INFORMATION

Call or write the Michigan State Bar Foundation for a copy of the "Michigan Financial Institutions IOLTA Handbook." 306 Townsend Street, Lansing, MI 48933 • (517) 346-6400 • 1-800-968-MSBF • FAX (517) 371-3325 • [www.msbf.org](http://www.msbf.org)