



THE FLORIDA BAR FOUNDATION

FLORIDA'S INTEREST ON TRUST ACCOUNTS PROGRAM POLICY ON REASONABLE SERVICE CHARGES AND FEES

Purpose of Policy:

On June 25, 1993, the board of directors of the Foundation defined "reasonable" as it applies to financial institution service charges and fees paid by IOTA under the Rules Regulating The Florida Bar. The purpose of the board action was to prevent the IOTA program from bearing the cost of special services or fees such as wire transfers, return check and overdraft charges, fee for use of uncollected funds, etc., which are not related to the basic operation of a trust checking account.

Background:

Starting in the mid 1980's, financial institutions began assessing service charges and fees on checking accounts whether or not the account earned interest. Service charges and fees now are waived by financial institutions only on those accounts that exceed specific minimum collected balances, or where the customer has a significant relationship with the financial institution through other accounts or business. Therefore, once service charges and fees were levied against checking accounts generally, maintaining an interest-bearing IOTA account was no longer the direct cause of service charges or fees on an attorney's or law firm's trust account.

It is impractical to determine and monitor which IOTA accounts would be service charge free absent the earning of interest mandated under the IOTA Rule. Accordingly, when the IOTA program became mandatory in 1989, the Rule in this regard was amended to provide only for payment of "...reasonable service charges or fees, if any, in connection with the IOTA account..." Rule 5-1.1(e)(1)(5)(A), Rules Regulating The Florida Bar [emphasis added]

Reasonable Service Charges/That May be deducted by Financial Institutions from IOTA Account Interest:

The following charges and fees have been defined as "reasonable" and are the only service charges or fees permitted to be deducted from interest earned on IOTA accounts. These service charges or fees may be deducted from IOTA account interest only at such rates and under such circumstances as is the financial institution's customary practice for all of its interest-bearing checking account customers:

- ☐ Per check charge
- ☐ Per deposit charge
- ☐ Fee in lieu of minimum balance
- ☐ Federal deposit insurance fee

Financial institutions also may recoup special costs for their participation in IOTA through deduction of a reasonable IOTA handling/administrative fee.

For further information about service charges and fees paid by IOTA, please contact:

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