

## **FDIC Insurance Coverage to Change for IOLTA and Non-Interest-Bearing Accounts**

Unless Congress takes unanticipated action, as of Jan. 1, 2013, FDIC insurance available to IOLTA accounts will be \$250,000 per owner of the funds (client), per financial institution, assuming that the account is properly designated as a trust account and proper accounting of each client's funds is maintained. Non-interest-bearing trust accounts will have this same level of coverage.

For the past two years, IOLTA and non-interest-bearing accounts enjoyed unlimited FDIC insurance coverage pursuant to Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. That provision was to be effective for two years with a sunset date of Dec. 31, 2012.

Although there have been attempts in Congress to extend that coverage for an additional two years, and the American Bar Association and others have lobbied for that extension, those efforts have not been successful due largely to legislative maneuvering that was unrelated to the merits of the issue.

While Congress has not yet adjourned, the ABA Governmental Affairs Office says it appears unlikely that lawmakers will take any further action on the issue this year. If that is the case, IOLTA and non-interest-bearing accounts will be treated the same as all other FDIC-insured accounts as of Jan. 1, 2013.

Further information on FDIC insurance coverage for IOLTA and other accounts as of Jan. 1, 2013, is at <http://www.fdic.gov/deposit/deposits/unlimited/expiration.html>.