



**COLORADO SUPREME COURT
Office of Attorney Regulation Counsel**

Trust Account Manual

Interest Earned on Funds in a Trust Account

Interest Earned is Never the Lawyer's Property

Except for COLTAF trust accounts, all interest earned on funds that the lawyer holds in trust belongs to the client or to the third person for whom the lawyer holds the funds. Colo. RPC 1.15B(h) states that the lawyer is never entitled to this interest.

In many situations, the lawyer will have more than one client's funds in one trust account. The lawyer must allocate interest to each client, which can be very difficult. This is one reason why a COLTAF account is an attractive alternative. All the interest in a COLTAF account goes to COLTAF, thereby avoiding the allocation problem.

Interest Paid to COLTAF

Interest on a COLTAF account is paid directly to COLTAF. Colo. RPC 1.15B(b) states that a COLTAF account should contain only those funds that are "nominal" in amount or that the lawyer expects to hold for a short period of time with the intent that such funds not earn interest in excess of the reasonably estimated cost of establishing, maintaining, and accounting for trust accounts for the benefit of clients or third parties.