

INFORMATION SHEET

S278 ESTABLISHING A TRUST ACCOUNT



JANUARY 2011

Opening a trust account

A trust account is to be approved (s235)

The *Legal Profession Act 2006* (LPA) describes a trust account in terms of a bank account, which has been approved by the Society and maintained by a law practice with an approved ADI to hold entrusted monies, received by the practice.

Approved authorised deposit – taking institution (ADIs)

A law practice that receives entrusted money is required to open a general trust account to hold entrusted money. The bank account is to be established and maintained in this jurisdiction (r3.1.41).

The LPA (s278) provides for the ADIs to be approved by the Society. Below is a list of ADIs which are approved by the Society:

- ANZ
- Bank SA
- Bank West
- Bendigo Bank
- Commonwealth Bank of Australia
- National Australia Bank
- Westpac

Types of trust accounts

There are essentially three broad categories of trust accounts:

- General trust account – to hold fees and disbursements in advance.
- A controlled money trust account – Interest bearing – practitioner/s are the sole joint signatories
- Invested trust account – Interest bearing joint signatory with client.

Naming the general trust account (r41)

The name of the practice's general trust account is to include;

- the name of the law practice or the business name under which the law practice engages in legal practice; and the expression "law practice trust account" or "law practice trust a/c";

It is not necessary to repeat the words "law practice" if those words form part of the name or business name of the law practice.

Naming the controlled money account (r56)

When establishing a controlled money account the account name is to include:

- the expression "controlled money account" or the abbreviation "CMA" or "CMA/c";
- such particulars as are sufficient to identify the purpose of the account and to distinguish the account from any other account maintained by the law practice e.g. clients name.

Notifying the Society

Within 14 days of the opening of a trust account a law practice is required to notify the Society. The notification is located on the Society's website under the trust account menu located on the left hand side under "Law Practices".