



Trust Money Information

Investment Money

Trust money invested on behalf of a client:

- Is deposited to a general trust account, before being invested.
- A general trust account receipt is issued—posted to general account cashbook and client ledger.
- Is then withdrawn from the general trust account and deposited to an interest bearing account in name of [firm] ATF [client].
- Requires written direction or note from the client to invest.
- Investment is recorded in a client investment ledger account.
- Any withdrawal from an investment account should be returned to the general trust account prior to disbursement to the entitled beneficiary.
- Trust money invested is not usually going to be accessed for a length of time.

Example of investment

P & G Law Firm currently hold \$580,000 in their general trust account being a deposit for a conveyancing matter.

The matter has been delayed and is not expected to progress for a number of months.

The client directs P & G Law Firm to invest the money in a term deposit to gain interest during that time.

Investment Register

This Register is used to record every investment of trust money made by a law practice. A register must be kept if the practitioner invests trust money on behalf of a client. (Refer to section 59 of the LPR.)

Information required in the Register:

- name in which the investment is held;
- name of the person on whose behalf the investment is made;
- the person's address;
- particulars sufficient to identify the investment;
- the amount invested;
- the date the investment was made;
- particulars sufficient to identify the source of the investment, including, for example:
 - » a reference to the relevant trust ledger; and

- » a reference to the written authority to make the investment; and
- » the number of the cheque for the amount to be invested;
- » details of any document evidencing the investment;
- » details of interest received;
- » details of the repayment of the investment and any interest on maturity or otherwise.

References

This document refers to section 59 of the *Legal Profession Regulation 2007* ('LPR').

Questions?

If you have any questions about this topic, please contact the Law Society on (02) 6274 0300 or email lea.mclean@actlawsociety.asn.au