

CHANGES TO ATTORNEYS TRUST ACCOUNT INVESTMENTS

On 1 February 2019 the Legal Practice Act 28 of 2014 (as amended) came into effect which regulates the legal profession.

The Legal practitioners Fidelity Fund (LPFF) previously known as Attorneys Fidelity Fund (AFF) is a fidelity guarantee fund, which exists in terms of the Legal Practice Act. The LPFF exists to protect the public against loss as a result of theft of trust funds.

Section 86(4) of the Legal Practice Act 28 of 2014 (the Act) allows legal practitioners to invest client monies in a separate trust savings account or other interest-bearing account where there is an underlying transaction with an explicit mandate from the client to do so.

Section 78(2A) of the Attorneys Act was replaced by Section 86(4) of the Legal Practice Act, 28 of 2014. With effect from 1 March 2019, 5% of the trust interest earned on our clients investments, will be paid monthly to the Legal Practice Fidelity Fund in terms of section 86(5).

These changes are very important as all Section 86(4) accounts, as well as the old Section 78 2(A) accounts, will trigger a 5% interest deduction from 1 March 2019.