



IIM Accounts Earn Higher Interest

Dear Dr. Per Cap:

Why does my IIM account pay so much higher interest than my bank account? Isn't it basically the same thing?

Signed,

Loves Coffee

Dear Loves Coffees

An IIM or Individual Indian Money account is a very unique financial product that differs from a bank account in several key ways. For starters IIM accounts are available only to Native American people who have income from assets held in trust by the federal government. Lease income, grazing and range permits, mineral rights, land sales, and settlement awards are just a few examples of trust income.

IIM accounts, managed by the Bureau of Trust Funds Administration formerly known as the Office of the Special Trustee for American Indians, are short term investments and highly liquid. Meaning they can quickly and easily be converted to cash.

Over the past fifteen years IIM accounts have delivered about a 3.0% average annual return. That beats the heck out of a typical savings account at a bank or credit union where current rates run as low as 0.15%. Spoiler alert – it takes almost 500 years to double your principal with a 0.15% annual percentage yield. And we wonder why so many people in this country struggle to save money – tsk, tsk.

The reason for the huge difference in return is because IIM funds are pooled with other trust monies into something called the *U.S. Treasury Overnighter*. No, it's not a sleep over at grandma's house. Although I sure do miss those big family breakfasts!

The Treasury Overnighter is an investment that matches yields on U.S. Treasury bills, a type of government bond that matures in four weeks. The collective power of over a billion dollars of Indian trust monies invested in higher yielding bonds are why IIM accounts earn a rate of return that blows regular bank accounts out of the water.

But there's another big difference. Unlike a bank account a person can't deposit money into an IIM account earned from wages, salaries, side hustles, and other non-trust sources. The funds have to come exclusively from trust income.

However, to take advantage of the higher returns a person can and should use an IIM account like a bank account if they have substantial trust income. They simply need to place a voluntary hold on the account. Otherwise funds are automatically dispersed when the account balance reaches \$15 or less depending on the type of trust income in the account. Once a voluntary hold takes effect the IIM account holder can receive disbursements any time either by check, direct deposit, or debit card.

For more information reach out to your local Bureau of Trust Funds Administration (BTFA) Fiduciary Trust Officer or contact the Trust Beneficiary Call Center (TBCC) at 1-888-678-6836.

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