

Table 3

Assessment Rate Necessary to Capitalize the SAIF by Given Year
Under Various 1995 Special Assessments

Special Assessment	Assessment Rates				
	1995	1998	1999	2000	2001
10 bp	23.0 bp	18.0 bp	14.5 bp	12.5 bp	
20	19.0	15.0	12.0	10.5	
30	15.5	12.0	9.5	8.0	
40	11.5	9.0	7.0	6.0	
50	8.0	6.0	4.5	4.0	

Resulting obligation to:
(basis points in parentheses)

Option	BIF	SAIF	Treasury	SAIF* Capitalization	Premium* Disparity	FICO* Problem
8. Combination Options						
a) Merge BIF/SAIF, BIF/SAIF pay FICO <u>pro rata</u>	11.7 (47)	3.4 (47)	0	1996	none	none
b) RTC capitalizes SAIF, SAIF/BIF share FICO <u>pro rata</u>	6.5 (26)	1.9 (27)	6.7	immediate	none	none
c) Special assessment on SAIF, BIF/SAIF share FICO <u>pro rata</u>	6.5 (26)	8.6 (120)	0	immediate	none	none
d) Special assessment on SAIF, RTC funds pay FICO	0	6.7 (94)	8.4	immediate	none	none

* Based on baseline assumptions as of 3-9-95.

Notes:

- (i) Current estimated cost to defease FICO = \$8.4 billion, discounting at 7.96%, the current (3/7/95) rate on Treasury IO strips due in 2018.
- (ii) Amount needed at year-end 1994 to enable SAIF to meet 1.25% designated ratio = \$6.7 billion (the amount needed to increase the SAIF from its year-end 1994 balance of \$1.936 billion to 1.25% of year-end SAIF insured deposits of \$693 billion, or \$8.66 billion).
- (iii) Pro rata shares are 77% BIF, 23% SAIF.
- (iv) The one-time premium necessary to obtain \$1 billion is about 4 basis points for BIF and 14 basis points for SAIF.
- (v) Reducing SAIF premium from 23 bp to 18 bp would increase time to capitalization by about two years.
- (vi) Results in right hand three columns rely on FDIC's baseline assumptions.