



# PRESS RELEASE

Federal Deposit Insurance Corporation

September 26, 1995

## **FDIC BOARD APPROVES CHANGES TO PAYMENT DATES, PREPAYMENT OPTION AND INTEREST RATE COMPUTATION FOR ASSESSMENTS**

### FOR IMMEDIATE RELEASE

The FDIC's Board of Directors today approved a final rule on assessments that affects payment dates, prepayments and interest rate calculations.

The changes are intended to: eliminate a possible fifth assessment payment in 1995 that would have been required under the previous rules for banks that use the cash basis method of accounting; permit prepaying the first 1996 installment in 1995 for institutions wishing to do so; and update the basis used to calculate interest on over- and underpayments of assessments to reflect the use of quarterly, rather than annual Treasury data.

The specific changes are:

- The first quarterly payment will be due the first business day after January 1 rather than December 30 of the previous year;
- Institutions may continue using the previous schedule by making a first payment for 1996 -- for either the first quarter or the entire semiannual period -- by December 30;
- To accommodate fiscal year as well as calendar year reporters, double payments may be made in any quarter;
- To more closely reflect market conditions, in computing interest on assessment underpayments or reimbursing overpayments the FDIC will use a rate tied to the three-month Treasury bill, rather than an average over a 12-month period of the Treasury's value of funds rate.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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The Board also adopted a technical amendment to the final rule that advances the announcement of the semiannual rate schedule for Bank Insurance Fund members to 15 days before the invoice date instead of the current 45-day advance notice period. The purpose of this amendment is to enable the FDIC to use more current financial information to determine the assessment rate schedule for the upcoming semiannual period. Thus, the announcement date for the first semiannual period moves from October 16 to November 15, and for the second semiannual period moves from April 15 to May 15.

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