

FACT SHEET

Amended Restoration Plan and Notice of Proposed Rulemaking on Assessments, Revised Deposit Insurance Assessment Rates

The Federal Deposit Insurance Corporation (FDIC) Board of Directors (Board) issued a notice of proposed rulemaking, applicable to all insured depository institutions, which would increase initial base deposit insurance assessment rates by 2 basis points, beginning with the first quarterly assessment period of 2023. The Board also adopted an Amended Restoration Plan, which incorporates the increase in initial base assessment rates.

Restoration Plan Amended to Increase Likelihood that Reserve Ratio will meet the Statutory Minimum of 1.35 percent by the Statutory Deadline of September 30, 2028

- Extraordinary growth in insured deposits during the first and second quarters of 2020 caused the Deposit Insurance Fund (DIF) reserve ratio, calculated by dividing the DIF balance by the dollar amount of insured deposits in the banking system, to decline below the statutory minimum of 1.35 percent to 1.30 percent as of June 30, 2020.
- On September 15, 2020, the Board adopted a Restoration Plan to restore the DIF to at least 1.35 percent by September 30, 2028, maintaining the assessment rate schedule in place at the time.
- Under the Restoration Plan, the FDIC is monitoring deposit balance trends, potential losses, and other factors that affect the reserve ratio.
- Growth in insured deposits outpaced growth in the DIF, resulting in further decline of the reserve ratio by 4 basis points to 1.23 percent as of March 31, 2022.
- Based on updated analysis and projections for the DIF balance and reserve ratio, the FDIC projects that, absent an increase in assessment rates, the reserve ratio is at risk of not reaching the statutory minimum of 1.35 percent by the statutory deadline of September 30, 2028.
- The Board adopted an Amended Restoration Plan to, among other things, reflect a uniform increase in initial base deposit insurance assessment rates of 2 basis points.

Proposal Would Increase Initial Base Deposit Insurance Assessment Rates by 2 Basis Points

- The FDIC issued a proposed rule, with a request for comment, which would increase initial base deposit insurance assessment rates by 2 basis points to increase the likelihood that the reserve ratio will meet the statutory minimum of 1.35 percent by the statutory deadline of September 30, 2028, consistent with the Amended Restoration Plan.
- The proposed assessment rate schedules would remain in effect unless and until the reserve ratio meets or exceeds 2 percent in order to support growth in the DIF in progressing toward the FDIC's long-term goal of a 2 percent Designated Reserve Ratio. The 2 percent Designated Reserve ratio is designed to reduce the likelihood that the FDIC would need to consider a potentially pro-cyclical assessment rate increase, and to increase the likelihood of the DIF remaining positive through potential future periods of significant losses due to bank failures, consistent with the FDIC's long-term fund management plan.