

Department of the Treasury

Thrift Bulletin

TB 48-18

Handbooks: **Thrift Activities**

Subject: **Assessments**



Section: **071**

Assessments and Fees Under 12 CFR Part 502

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Summary: This Bulletin revises the assessment rates charged by OTS under 12 CFR Part 502. This Thrift Bulletin supersedes the assessment rate tables in TB 48-17, dated December 1, 2000. The fee schedules in TB 48-17 remain in effect. This Bulletin is effective with the January 2002 assessment and shall remain in effect until further notice.

For Further Information Contact: Your Regional Office or Planning and Budget, Washington, DC. You may access this bulletin at our web site: www.ots.treas.gov.

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Introduction

The Office of Thrift Supervision imposes semiannual assessments on thrifts based on three components: the thrift's size, its condition, and the complexity of its portfolio. 12 CFR Part 502. Today's Thrift Bulletin:

- (1) revises the rate schedule for the size component of the assessment regulation by 2.65% on the first \$18 billion in assets to reflect inflation and adjusts the base assessment from \$1294 to \$2000;
- (2) reflects the June 2001 regulatory change in the condition component; and
- (3) adjusts the treatment of trust assets under the complexity component into three categories: Fiduciary Managed Assets, Fiduciary Non-Managed Assets, and Custody and Safekeeping Assets, to more closely reflect the reduced risks and required level of agency supervision generally associated with certain types of trust assets.

The size component change is effective for the January 2002 assessment. The condition component change was effective for the July 2001 assessment. Because the trust assets change is tied to a change in the Thrift Financial Report (TFR) as of March 2002, the change in trust assets will not become effective until the July 2002 assessment. The revised assessment rates remain in effect until further notice.

Size Component

The revisions to the size component reflect a 2.65% increase in assessment rates for the first \$18 billion in assets. This increase reflects an adjustment for the increase in the Consumer Price Index as reported by the Bureau of Labor Statistics for the period from September 2000 to September 2001. The rates also reflect

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an increase in the base assessment from \$1294 to \$2000. Under 12 CFR § 502.15(b), today's changes in the size component do not affect many of the smallest thrift institutions. That rule provides that institutions under \$100 million that have been in existence since before January 1, 1999 and have never exceeded \$100 million in assets are assessed at the lower of the rate they would have been assessed as of January 1998 or the current rates. OTS will continue to monitor its costs and expenses to determine whether and to what extent the base assessment and size component rates may need to be adjusted to reflect inflation and other factors affecting costs.

Condition Component

In June 2001, OTS modified regulations to adjust the condition component so that institutions with a CAMELS rating of 3 are charged a premium of 50% of their size component and institutions with a CAMELS rating of 4 or 5 are charged a premium of 100% of their size component. Today's publication reflects this change and makes no further change in this component.

Complexity Component: Revised Rates for Thrifts With Over \$ 1 Billion in Trust Assets for July 2002 and Later Assessment Cycles

The revised assessment rates on trust assets¹ reflect OTS's experience with this aspect of the complexity component and the planned implementation of Schedule I to the TFR in March 2002. The March 2002 TFR will be used to determine July 2002 assessments.² The revised assessment rates place trust assets into one of three categories: Fiduciary Managed (reported on Schedule FS line FS20), Fiduciary Non-Managed (reported on line FS21), and Custody and Safekeeping (reported on line FS22).

The new "Fiduciary Non-Managed" category contains account assets where the institution acts in a fiduciary capacity, such as trustee, but does not offer investment advice or have investment discretion. This would include, for example, a savings association serving as trustee for a 401(k) employer benefit plan where the plan participants make their own investment selections. It would also include individual retirement accounts when the savings association acts as trustee and the account holders make their own investment decisions. This new category has been instituted as the result of industry comments on proposed changes to the TFR published in March 2001 and on previous thrift bulletins that addressed the complexity component of trust assets.

The Fiduciary Managed rates reflect the high level of agency supervision and risk to the institution associated with this category of assets. The Fiduciary Non-managed rates reflect a lower level of agency supervision and risk to the institution as the institution, while remaining a fiduciary, is not providing investment management services. The Custody and Safekeeping rates reflect the generally lower risk presented by the nature of the services involved. All three categories utilize a declining rate structure.

¹ For purposes of 12 C.F.R. Part 502 and this Thrift Bulletin, "trust assets" means those assets for which a savings association, or its subsidiaries, is providing asset management services. The term "asset management services" includes the provision of personal, employee benefit and corporate fiduciary services, investment management and advisory services and agency services such as safekeeping and custody of assets.

² Under the new TFR reporting system for trust assets, institutions with less than \$250 million in fiduciary assets (regardless of their amount of custodial assets) file certain sections of Schedule FS annually, rather than quarterly. If such institutions have more than \$1 billion in trust assets, assessments for those institutions will be based on trust assets reported in their annual December filings. Adjustments may be made if OTS becomes aware of significant changes during the year that affect OTS's supervision of the institution. No institutions currently fall into this category.

The attached chart reflects the assessment factors for each of these categories. Detailed descriptions of the terms “Fiduciary Managed,” “Fiduciary Non-Managed,” and “Custody and Safekeeping” are contained in the instructions to Schedule FS of the 2022 Thrift Financial Report.

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Deputy Director

Attachment

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Semiannual OTS Assessment Schedule						
Size Component	If total assets (SC60) is:		The size component is:			
	Over:	But not over:	This amount:	Plus:	Of excess over:	
	\$0	\$67 million	\$2,000	.00016387	\$0	
	\$67 million	\$215 million	\$12,979	.00010930	\$67 million	
	\$215 million	\$1 billion	\$29,156	.00008744	\$215 million	
	\$1 billion	\$6.03 billion	\$97,796	.00006995	\$1 billion	
	\$6.03 billion	\$18 billion	\$449,645	.00006000	\$6.03 billion	
	\$18 billion	\$35 billion	\$1,167,845	.00004518	\$18 billion	
	\$35 billion		\$1,935,905	.00003388	\$35 billion	
	Alternative size assessment schedule for qualifying small institutions					
	\$0	\$67 million	\$0	.000172761	\$0	
\$67 million	\$100 million	\$11,575	.000133872	\$67 million		
Condition Component	If the composite rating is:		Then the condition component is:			
	1 or 2		Zero			
	3		50 percent of the size component			
	4 or 5		100 percent of the size component			
Complexity Component for non-trust assets	Complexity component category			Assessment rate		
	Principal amount of loans serviced for others (SI390), over \$1 billion, up to \$10 billion			.000010		
	Principal amount of loans serviced for others (SI390), over \$10 billion			.000005		
	Principal amount of off-balance-sheet assets covered by recourse obligations or direct credit substitutes (CC455), over \$1 billion			.000030		
Complexity Component for trust assets (January 2002 assessment)	Trust assets (SI 350) administered in a fiduciary capacity, up to but not over \$1 billion			.000015		
	Trust assets (SI 350) administered in a fiduciary capacity, over \$1 billion but not over \$10 billion			.000005		
	Trust assets (SI 350) administered in a fiduciary capacity, over \$10 billion but not over \$40 billion			.000001		
	Trust assets (SI 350) administered in a fiduciary capacity, over \$40 billion			.0000005		
	Trust assets (SI 350) administered in a non-fiduciary capacity, up to, but not over \$1 billion			.000002		
	Trust assets (SI 350) administered in a non-fiduciary capacity, over \$1 billion, but not over \$10 billion			.000001		
	Trust assets (SI 350) administered in a non-fiduciary capacity, over \$10 billion, but not over \$40 billion			.00000025		
	Trust assets (SI 350) administered in a non-fiduciary capacity, over \$40 billion			.0000001		

Complexity Component for trust assets: (July 2002 and Later Assessments)	If the amount of assets in Columns A, B, or C is:		Column A	Column B	Column C
	Over	But not over	The assessment rate for Fiduciary Managed Assets (FS20) is:	The assessment rate for Fiduciary Non-Managed Assets (FS 21) is:	The assessment rate for Custody and Safekeeping Assets (FS280) is:
	0	\$1 billion	.000015	.0000105	.000002
	\$1 billion	\$10 billion	.000005	.0000035	.000001
	\$10 billion	\$40 billion	.000001	.0000007	.00000025
	\$40 billion		.0000005	.00000035	.0000001