

NCUA LETTER TO FEDERAL CREDIT UNIONS

NATIONAL CREDIT UNION ADMINISTRATION 1775 Duke Street, Alexandria, VA 22314

DATE: November 2018 **LETTER NO.:** 18-FCU-03
TO: All Federal Credit Unions
SUBJ: Operating Fee Schedule Adjusted for 2019
ENCL: [Operating Fee Schedule for 2019](#)

Dear Board of Directors and Chief Executive Officer:

The enclosed 2019 Operating Fee Schedule will help you calculate the exact amount of your credit union's 2019 operating fee. The enclosure includes a web link to the NCUA's [online calculator](#).¹ If your credit union owes an operating fee, it will be due no later than Wednesday, April 17, 2019.

The rest of this letter provides additional insight to the operating fee calculation and payment options.

What is the timeline for the billing?

In March 2019, federal credit unions with assets greater than \$1 million will receive an invoice for their 2019 operating fees. The operating fee exemption continues to apply for federal credit unions with assets of less than \$1 million. Your credit union's operating fee will be based on assets reported as of December 31, 2018.

At the same time, all federally insured credit unions will be notified of any adjustments needed to maintain their Share Insurance Fund capitalization deposits at one percent of insured shares, as required by the Federal Credit Union Act. Your credit union's capitalization deposit may be adjusted up or down, based on insured shares reported as of December 31, 2018.

Then NCUA will combine your operating fee and capitalization deposit adjustment into a single invoice. Payment will be due no later than April 17, 2019.

How do I make the payment to the NCUA?

All federal credit unions are encouraged to sign up to pay their invoices through [Pay.gov](#). This website allows for secure, seamless payments to the NCUA and other participating government

¹ Scheduled to be updated by December 10, 2018.

agencies. Using Pay.gov ensures your credit union's payment will be made accurately and on-time.

For federal credit unions signed up to pay through Pay.gov, no further action is required. Payments will occur automatically on the due date.

Federal credit unions that do not use Pay.gov will need to submit their payments to the NCUA in accordance with the instructions provided with the invoice and no later than Wednesday, April 17, 2019.

What are the main factors impacting the operating fee?

There are two major factors contributing to the 2019 average rate increase of two percent. They are the Overhead Transfer Rate (OTR) level and changes in the NCUA's capital investment program.

Each year, the NCUA uses the OTR to determine how much of the NCUA's operating budget is funded by the National Credit Union Share Insurance Fund. The OTR is derived from estimates of the NCUA's resources that will be used for insurance-related functions. Generally, if the OTR decreases, the operating fee collected from federal credit unions increases, and vice versa.

For 2019, the OTR decreased from 61.5 percent to 60.5 percent, which raised the operating fee. The operating fee also increased because of the cash needs for capital investments planned for 2019.

To preserve the relationship of the operating fee scale to federal credit unions within each asset tier, the asset range for each tier has been adjusted by the projected growth of federal credit union assets. You will see the new asset ranges to the right of the adjusted fee rates on the enclosed chart.

If you have any questions about your credit union's operating fee, please contact the NCUA's Office of the Chief Financial Officer at ocfomail@ncua.gov.

Sincerely,

/s/
J. Mark McWatters
Chairman

Enclosure

NCUA OPERATING FEE SCHEDULE FOR 2019

Your operating fee is based upon the total assets of your credit union as of December 31, 2018.

FOR NATURAL PERSON FEDERAL CREDIT UNIONS

If total assets are more than \$1,000,000, the operating fee assessment is:

0.00026940	on the first	\$1,514,387,940	of assets, plus
0.00007852	on the next	\$3,068,127,216	of assets, plus
0.00002622	on assets over	\$4,582,515,156	

Examples: A credit union with \$1,000,000 in total assets has an operating fee of: \$0.

A credit union with \$1,250,000 in total assets has an operating fee of:
 $(\$1,250,000 \times 0.0002694) = \337

A credit union with \$2,400,000,000 in assets has an operating fee of:
 $(\$1,514,387,940 \times 0.0002694) + ((\$2,400,000,000 - \$1,514,387,940) \times 0.00007852) = \$477,514$

A credit union with \$5,000,000,000 in total assets has an operating fee of:
 $(\$1,514,387,940 \times 0.0002694) + ((\$4,582,515,156 - \$1,514,387,940) \times 0.00007852) + ((\$5,000,000,000 - \$4,582,515,156) \times 0.00002622) = \$659,832$

FOR CORPORATE CREDIT UNIONS

If total assets are over	But not over -	The operating fee assessment is:
\$50,000,000	\$100,000,000	\$11,031 plus 0.0001987 of the total assets over \$50,000,000
\$100,000,000	no limit	\$20,966 plus 0.0000123 of the total assets over \$100,000,000

Operating Fee Calculator at <http://opfee.ncua.gov/>