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On May 13, 2024, the Consumer Financial Protection Bureau (the Bureau) and the Federal Reserve Board (the Board) jointly announced a final rule-making cost of living adjustment (COLAs) for the Regulation CC funds availability rules. The Bureau and the Board (the Agencies) have joint rulemaking authority for certain provisions of Regulation CC, including over the funds availability rules. The Agencies are required by the Expedited Funds Availability Act to make these dollar adjustments every five (5) years. The adjustments will only go upward (never downward) and need to be made in \$25 increments.

The announced adjustments are effective July 1, 2025.

The new dollar amounts

The current COLA changes impact a number of dollar amounts incorporated into Subpart B of Regulation CC including:

- The minimum amount in § 229.10(c) (formerly known as the \$100 rule) will be adjusted from \$225 to \$275;
- The cash withdrawal amount in § 229.12(d) will be adjusted from \$450 to \$550;
- The new-account amount of \$5,525 in § 229.13(a), the large-deposit threshold of \$5,525 in § 229.13(b), and the repeatedly overdrawn threshold of \$5,525 in § 229.13(d) will each be adjusted to \$6,725; and
- The civil liability amounts in § 229.21(a) of \$1,100 and \$552,500 will be adjusted to \$1,350 and \$672,950, respectively.

Status of the 2011 proposal to amend funds availability model forms and clauses

The final rule does not address the Board's 2011 proposed rule to amend the funds availability model forms and clauses in Appendix C of Regulation CC. At this time, there is

no specific timeline for whether or when the Agencies will implement any of the changes put forth in the 2011 proposal. Financial institutions using the current funds availability model forms and clauses should continue to verify that the language used in the disclosures reflect their institutions' actual funds availability policies.

Action steps for financial institutions

Required updates to the funds availability disclosure

Regulation CC requires institutions that offer checking accounts to have a funds availability disclosure. Many of the dollar amounts being adjusted appear throughout the funds availability disclosure. The exact updates that need to be made will vary by financial institution, depending on each institution's funds availability policy. As a result, financial institutions that offer checking accounts will need to update their funds availability disclosure to reflect the changes to their policy (i.e., the changed dollar amounts). This change impacts both consumer and commercial accounts.

Required change notices

Regulation CC requires institutions to send change notices to holders of *consumer* accounts. However, because these changes actually expedite the availability of funds (i.e., they make more money available to the consumer sooner) the change notices do not need to be provided 30 days prior to the effective date of the change. Instead, the change notices can be provided to the consumer not later than 30 days after the effective date.

Hold notice updates

Financial institutions need to review their hold notices as the dollar amounts for two of the safeguard exceptions have been adjusted (the large deposit and repeat overdraft changes). For example, Model C-12 in Appendix C of Regulation CC (the model for the safeguard exception hold notice) specifically references the large deposit dollar amount. As a result, any hold notices using that model text will require updating.

Poster updates

Regulation CC requires an institution to conspicuously post, at locations where the institution's employees accept deposits, a notice that sets forth the institution's funds availability time periods applicable to a consumer account. Institutions with a "delayed" availability policy (also called a second-day availability policy) will need to update their posters because the \$225 amount on the poster, is being adjusted.

System updates and training

Among other things, financial institutions will also need to update their information technology systems, revise their training materials, and train staff on the changes. Regulation CC, in § 229.19(f), includes a specific requirement for staff training.

Effective Date

As stated, the mandatory compliance date for implementing the COLA changes is July 1, 2025. However, early compliance is permitted. An institution choosing to comply early will need to send the change notice within 30 days after they implement the change.

Summary

As a result of this final rule, it is expected that all financial institutions that offer checking accounts are impacted by this final rule. The one exception might be for institutions that increased all the amounts back in 2020 in excess of the newly adjusted amounts.

Affected institutions will need to update disclosures, send change notices, review (and update if necessary) funds availability posters, update hold notices, update information technology systems, revise training materials, and train staff.

Impacted institutions can [learn more here](#).