



TRENDS IN CREDIT UNION COMPENSATION

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SOLUTIONS

AGENDA

- OVERVIEW
- TELLERS AND MSR_s
- MIDDLE MANAGEMENT
- C-SUITE
- CEO

COMPENSATION TRENDS



- MARKET CHANGES IN A POST COVID WORLD
 - STAFF IS MORE DIFFICULT TO ATTRACT AND RETAIN
 - COMPETITION FOR STAFF IS FIERCE
 - EMPLOYERS HAVE LESS LEVERAGE THAN EVER BEFORE
 - TRADITIONAL COMPENSATION MAY NOT BE ADEQUATE

COMPENSATION TRENDS



- GENERAL OBSERVATIONS
- NEW FACTORS UNDER CONSIDERATION
 - WORK/LIFE BALANCE
 - INCREASED LEVELS OF COMPENSATION IN COMPETING POSITIONS
 - WORK FROM HOME/HYBRID MODELS
 - ALTERNATIVE COMPENSATION
 - BENEFITS

COMPENSATION TRENDS



- **TELLERS**
 - **ACTUAL PAY AND BENEFIT NUMBERS VARY GREATLY GEOGRAPHICALLY (Tellers are paid \$12 to \$20/hr. according to Zip Recruiter)**
 - **COMPETITION FOR EMPLOYEES IS NO LONGER LIMITED TO FINANCIAL SERVICES COMPETITORS**
 - **CALL CENTER VS TELLER**
 - **RETAIL VS TELLER**
 - **OTHER NON-TRADITIONAL "GIG" POSITIONS**

COMPENSATION TRENDS



- TELLERS AND MSR_s
 - ENTRY LEVEL
 - OFTEN NOT COLLEGE EDUCATED
 - GENERALLY YOUNG
 - WAGE IS MOST IMPORTANT
 - NEEDS TO BE BETTER THAN OTHER LOCAL OPTIONS
 - COFFEE SHOPS
 - CALL CENTERS
 - RETAIL OPPORTUNITIES

COMPENSATION TRENDS



- TRY TO LEARN WHAT MOTIVATES YOUR STAFF:
 - PROVIDE FREQUENT REWARDS
 - STEP PAY INCREASES
 - PROGRESS TOWARD A MIDPOINT TYPE GOAL
 - BONUS PAYMENTS (SMALL BUT FREQUENT). TIED TO ATTAINABLE GOALS. (DIFFERENT THAT THE C-SUITE PROGRAM)
 - DIFFERENTIATE YOURSELF FROM OTHER EMPLOYERS
 - WORK TO RETAIN TEAM MEMBERS (EVEN AT HIGHER COST, IT MAY BE LESS EXPENSIVE THAN NEW RECRUITMENT)

COMPENSATION TRENDS



- TRY TO LEARN WHAT MOTIVATES YOUR STAFF:
- FLEXIBLE BENEFITS
 - MAY NEED TO RE-THINK BENEFIT STRATEGIES
 - UNDER 26 DON'T NEED HEALTH INS.
 - MOST YOUNG PEOPLE WOULD PREFER CASH COMPENSATION OVER RETIREMENT BENEFITS (HARD TO DO WITH CURRENT 401K LAWS, EXCEPT FOR NEW ESA ACCOUNT)

COMPENSATION TRENDS



- **Emergency savings.** Defined contribution retirement plans would be able to add an emergency savings account that is a designated Roth account eligible to accept participant contributions for non-highly compensated employees starting in 2024. Contributions would be limited to \$2,500 annually (or lower, as set by the employer) and the first 4 withdrawals in a year would be tax- and penalty-free. Depending on plan rules, contributions may be eligible for an employer match. In addition to giving participants penalty-free access to funds, an emergency savings fund could encourage plan participants to save for short-term and unexpected expenses.

COMPENSATION TRENDS



- TRY TO LEARN WHAT MOTIVATES YOUR STAFF:
 - TIME OFF
 - FLEXIBLE SCHEDULES WHERE POSSIBLE (NEED MORE PEOPLE BUT MAY MAKE IT A BETTER PLACE TO WORK)
 - PART TIME ROLES SUITED TO A PERSON'S LIFE NEEDS
 - STUDENTS
 - WORKING PARENTS
 - THINK OF THE ATTRACTIVENESS OF GIG JOBS (UBER)

COMPENSATION TRENDS



MIDDLE MANAGEMENT

- MEANS DIFFERENT THINGS DEPENDING ON THE SIZE OF THE CREDIT UNION AND THE NUMBER OF LAYERS OF MANAGEMENT.
- MANY OF THE TELLER/MSR THOUGHTS STILL APPLY
- COMPENSATION IS STILL VITAL BUT NOT THE ONLY DIFFERENCE MAKER
- YOU NEED TO BE AT LEAST COMPETITIVE ON \$\$\$\$
- WORK/LIFE BALANCE IS IMPORTANT

COMPENSATION TRENDS



MIDDLE MANAGEMENT

- ASSIST WITH PROFESSIONAL DEVELOPMENT
 - PAY FOR EDUCATION
 - ON-LINE COURSES AND SEMINARS
 - LOOK AT LOCAL AND NATIONAL TRADE ASSOCIATIONS AND
 - INVEST IN THEIR FUTURE....IT MIGHT BE YOUR FUTURE AS WELL

COMPENSATION TRENDS



MIDDLE MANAGEMENT

- ASSIST WITH PROFESSIONAL DEVELOPMENT
 - TALK ABOUT THEIR CAREER PATH
 - LET THEM KNOW ABOUT POSSIBILITIES AT THE C U
 - FIND OUT WHAT THEY ARE THINKING ABOUT
 - BE PROACTIVE WITH THE PEOPLE YOU VALUE

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- ASSUMING THAT THE BOARD AND THE MEMBERS ARE HAPPY WITH THE PERFORMANCE AND THE DIRECTION IN WHICH THE CREDIT UNION IS HEADED:
 - GOAL OF BOARD SHOULD BE STABILITY IN THE MANAGEMENT OF THE CREDIT UNION
 - DEVELOPMENT AND RETENTION OF KEY PLAYERS
 - SUCCESSION PLAN

• COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- RETENTION:
 - COMPENSATION:
 - SALARY:
 - KNOW THE MARKET.
 - HIRE A CONSULTANT PERIODICALLY.
 - NOT RELATED IN ANY WAY TO FD SALARIES.
 - THE CEO IS NOT A CHIEF, A LT OR A FF.
 - DON'T SET SALARIES BY LOOKING AT THE FD STRUCTURE

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- RETENTION:
 - COMPENSATION:
 - BONUS:
 - TIED TO C U GOALS.
 - IF THE C U SUCCEEDS, THE MANAGEMENT TEAM SHARES IN THE SUCCESS.
 - BOARDS CANNOT BE AFRAID TO PAY STRONG BONUSES IN GOOD YEARS.
 - THE TEAM NEEDS TO UNDERSTAND THAT BAD YEARS RESULT IN EITHER NO BONUS OR A WEAKER ONE DEPENDING ON THE FACTORS

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- RETENTION:
 - SUPPLEMENTAL RETIREMENT

WHY:

RETENTION
MARKET FORCES
IRS LIMITATIONS ON QUALIFIED PLANS
MOST CUs DO NOT OFFER A DB PENSION
PLAN

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- RETENTION:
 - SUPPLEMENTAL RETIREMENT
 - NOT ONLY FOR THE BIG GUYS
 - CAN BE RIGHT SIZED TO ANY CREDIT UNION
 - OBVIOUSLY, PAYOUTS RANGE GREATLY

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- RETENTION:
 - SUPPLEMENTAL RETIREMENT
 - OPTIONS:
 - 457F
 - CASD (Collateral assignment split dollar)



SENIOR MANAGEMENT (INCLUDING CEO)

- 457 F= A PROMISE FROM THE CREDIT UNION TO PAY A FUTURE BENEFIT.
- SIMPLE TO IMPLEMENT
- HAS TAX CONSEQUENCES
- CU NEEDS TO FUND IT
 - ACCRUALS FROM ORDINARY INCOME
 - TAKE ADVANTAGE OF NCUA REGULATIONS ON IMPERMISSABLE INVESTMENTS

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- RETENTION:
 - CASD (Collateral assignment split dollar)
 - LIFE INSURANCE POLICY
 - PURCHASED AND OWNED BY THE EXEC
 - FUNDS COME FROM A LOAN FROM THE CREDIT UNION

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- CASD (CONT.)
- CU BENEFITS
 - NO EXPENSE EVER RECORDED
 - INTEREST EARNED AT THE AFR (IRS RATE)
 - FULLY SECURED PRINCIPAL AND INTEREST
 - STRONG INCENTIVE FOR EXEC TO STAY

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- CASD (CONT.)
- EXEC BENEFITS
 - CASH FLOW (MODELED AT 20 YRS.)
 - TAX FREE DISTRIBUTIONS FROM CASH VALUE
 - FLEXIBILITY
 - LIFE INSURANCE PASSES TO ESTATE TAX FREE

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- SUCCESSION PLANNING
 - SHORT TERM.
 - INTERIM POSITION USUALLY INTERNAL
 - LONG TERM REPLACEMENT
 - INTERNAL OR EXTERNAL
 - GROOMED AND MENTORED OR HIRED

COMPENSATION TRENDS



SENIOR MANAGEMENT (INCLUDING CEO)

- SUCCESSION PLANNING
 - IF INTERNAL IS DESIRED
 - IDENTIFICATION
 - DEVELOPMENT (COSTLY BUT SO IS A SEARCH)
 - RETENTION (SIMILAR TO THE CURRENT CEO POSITION. MAKE IT HARD TO LEAVE FOR ANOTHER JOB).

COMPENSATION TRENDS



Questions????

COMPENSATION TRENDS



THANK YOU

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