NACUC 46th Annual Chair’s Roundtable Forum  
Discussion Guides

Roundtable 1

“Beyond the Salary: Developing a Total Compensation Package for Your Top Exec”

Salary is only a part of a total compensation package for executives. Total compensation includes base salary but it also includes the value of any benefits received. While salary is of primary interest, and initially the most discussed topic in setting compensation package, it is not the only significant piece of a total compensation package. Your credit union’s individual strategic plan, operations plan and business plan goals may play a large role in compensation (particularly in bonus and incentives). The asset size and complexity of your credit union also are primary considerations in the structure of the total compensation package beyond salary alone and may be cost prohibitive in what benefits a particular credit union can reasonably offer in their package. For example, a very small CU may only be able to afford health insurance and paid time off.

There are a wide range of potential benefits that may be included in the total compensation package. These include for example: Paid Time Off (sick days, vacation days, holidays), bonuses, incentives, education assistance, childcare assistance, automobile or monthly automobile stipend, Selected Executive Retirement Plan (SERP), 401K, health club membership, home laptop, cell phone, health insurance, life and disability insurance plans, and costs associated with relocation, etc. While not an inclusive list, these benefits will be a significant consideration in the hiring and retaining of the top executive. It is important to note that the individual cost of these benefits should be in writing and included in a CEO total compensation statement for CEO’s realization of their value, whether in the hiring process or annual review.

A sound executive total compensation package depends on good Board governance and communication, based on established compensation philosophy, policies, and practices that are closely aligned with the organizations goals and objectives. It has also become more important to ensure that the public, elected officials and members can grasp the reasonableness of the CEOs total compensation plan. NCUA has also shown recent interest into CEO compensation plans. Large bonuses, golden parachutes, cushy severance packages, and SERP plan funding have recently come under scrutiny. There are consultants that can assist in developing the package, but only the Board has the responsibility on behalf of membership to approve and defend the content.

[CLICK HERE](#RT1) to answer Roundtable #1 questions

**Roundtable 2**

**“The Board’s Role in Credit Union Mergers & Acquisitions”**

After a slowdown in the frequency of mergers during the pandemic, credit unions are beginning to see an increase. There is evidence pointing to a continuation of two trends that started to emerge pre-pandemic: credit union acquisitions of commercial banks and “mergers of equals.”

Historically, the vast majority of credit union mergers are between small credit unions and much larger credit unions. Although members of smaller credit union merger partners typically benefit more than members of the larger credit union partners, large credit unions can benefit too. These benefits might include membership and asset growth, access to established branch offices, and the opportunity to tap into a different group of members and diversify their market and balance sheet.

It is the responsibility of the board to assure that the culture is continued in the new credit union formed by the merger.

Growing competitive pressures, member expectations about technology, and shrinking margins all mean that it is critical for credit unions to find and leverage opportunities to grow and scale through collaboration.

[CLICK HERE](#RT2) to answer Roundtable #2 questions

**Roundtable 3**

**“A Chair’s Guide to Successfully Onboarding & Training New Directors”**

A critical component of a Chair’s responsibility is the successful onboarding and training of newly elected board members. There are several organizations that provide some programs but many of the approaches are limited in scope. The most successful seem to be those developed by boards that understand the importance of credit union boards to the credit union movement. There are several approaches to consider. The most effective include training in areas that reflect the uniqueness of your credit union.

The Chair and seasoned board members should establish a list of the most important issues that might face a new board member from the basics like where to park when attending a meeting to the most critical like understanding the fiduciary requirements of a board member. Further each new board member should be assigned a mentor who can help them understand the critical role they play when making policy, budget, and other decisions that impact credit union operations and ultimately the quality of service to our member owners. Guidelines addressing the onboarding processes can be established for review and updating prior to your election cycle.

New board members should have a training program that incorporates both on the job and formal training. On the job should be conducted by board members so that new directors can begin to understand the roles of both the board and staff. It should include how communications between board and staff are to be handled, i.e., can any board member work directly with the CEO or should that require Chair involvement? On the job should also include universal issues like confidentiality, appropriate protocols when representing the credit union, as well as issues unique to the credit union being represented.

A formal training program should be progressive with much of it occurring during a new directors first term. New directors should receive formal training on regulatory requirements for your credit union early in their tenure. When identifying formal training programs for new directors the focus should be on learning the basics like the complimentary roles of the board and senior staff. Boards have responsibility for policy decisions while staff have responsibility for operational decisions. We all know it is not that simple. All decisions should be centered on the needs of the members. Boards have the responsibility for approving budgets. This tends to be an area that requires attention to details that impact the membership.

There is not a single “right” way to on board and train new directors so seasoned directors should familiarize themselves with the content of established training programs. In-depth analysis should help determine which programs will best serve your credit union membership.

[CLICK HERE](#RT3) to answer Roundtable #3 questions

**Roundtable 4**

**“Practicing Good Governance in the Process of Policy Development”**

According to the Organization for Economic Co-operation and Development (OECD),

“Corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.”

Credit Unions strive to focus efforts on External governance, Internal governance, and Individual governance. Core values incorporate the credit unions’ responsibility to its members and to the communities who are served. The ultimate mission of credit unions is to serve members in such a manner that produces member confidence. But no matter the strength of the governance system in place, a Board is only as strong as its individual members. Directors must possess the integrity, competence and commitment to work for the good of the credit union. All Directors must meet these standards of integrity, competence and commitment of individual governance.

While staff members are responsible for carrying out many of the day-to-day requirements contained in policies and regulations, Directors are responsible for directing and controlling the affairs of the credit union. Both groups have a shared responsibility to ensure the credit union complies with all applicable laws and regulations. In order to do so, they need to know the “what” and “why” of those laws and regulations, including policies that address all possible needs.

[CLICK HERE](#RT4) to answer Roundtable #4 questions

**Roundtable 5**

**“Exploring Future Opportunities: Crypto, Cannabis & Digital Banking”**

Change is inevitable. The world of money is rapidly changing into unchartered territories. Traditional money and banking, as we know it, is taking on a new look, be it digital banking or cryptocurrency along with new, never seen products, namely medical or recreational cannabis; certainly not the traditional fiat currencies that have historically prevailed. Many financial institutions look as these as threats. Forward-thinking financial organizations should be looking at these as a brave new world of opportunities to serve members. All are very real and not going away. If credit unions do not serve members’ needs, somebody else will. As credit unions’ governing body, boards need to keep the eye on the pulse, acquire new knowledge, and educate themselves as to what these inevitable changes will mean for the organization and its members. Those sleeping at the wheel will let things go by and will end up trying to play catchup reactively instead of proactively getting prepared for what it is happening around us.

Digital banking is becoming a daily way of doing business. The millennials are already up to speed and are being bombarded with offers of easy, fast, and competitive service in the palm of their hand. Credit unions must adopt, adapt, and apply digital principles and practices or risk becoming a statistic.

A huge frontier facing financial institutions is cryptocurrency. Bitcoin, one of the largest cryptocurrencies is already a means of financial exchange to the exclusion of financial institutions. The Central African Republic has become the second country in the world to adopt bitcoin as official currency, after El Salvador took the same step last year. A use study to validate the impact to the balance sheet is to do an audit of members’ ACH daily transactions to see how the funds are flowing out of your credit union to the likes of Coinbase, or Exodus, to name a few digital asset custodians. Credit unions need to be pro-active players in this new world. There are thousands of digital coins, and many are being embraced as daily currency. We need to find a way to facilitate these transactions through our credit unions if we are to retain a membership. One approach can be as simple as a crypto storage facility or get intimately involved in crypto transactions. No matter which avenue you choose, crypto is another new opportunity that will have deep financial implications.

Cannabis has taken the market like a whirlwind. From the legal aspects to the social implications, financial institutions are in the middle of another new financial revolution. The legality issues are currently being resolved but the social issues may be a cause for concern to some credit unions. Not all believe in cannabis as a solution, and this is where intimate member and community relations play an important role as to your organization being an active cannabis market serving financial institution. It is important to get a “feel” of the community positions on cannabis and those institutions doing business with cannabis organizations. The financial rewards are most attractive, but they must also be measured with community sentiments and organization’s reputation risk. There is not a right or wrong answer; however, the best advice is to be aware and to proceed with caution.

[CLICK HERE](#RT5) to answer Roundtable #5 questions

**Roundtable 1  
Beyond the Salary: Developing a Total Compensation Package for Your Top Exec**

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| --- | --- |
| Participants Name(s): | |
| Credit Union: | City/State: |

How does your Board create a total compensation package offering in hiring a new CEO or as part of CEO’s annual evaluation? How do you know if your benefits package is comparable to size and complexity of peers?

[Insert your answer here]

When deciding “what” particular benefits to offer to CEO, how do you articulate the value benefit of those offerings in comparison to peers? If so, where do you obtain your peer data for comparison, is data regionalized with similar business plan?

[Insert your answer here]

If your CU has a compensation committee or governance committee that addresses CEO benefits please discuss your process for making changes to the benefits package. Does your CEO bring his request for additional benefits to the Board for approval? Is CEO given an annual total compensation statement illustrating value of entire package?

[Insert your answer here]

Roundtable 2

The Board’s Role in Credit Union Mergers & Acquisitions

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| --- | --- |
| Participants Name(s): | |
| Credit Union: | City/State: |

Who normally is the party to begin the consideration for a potential merger? In a merger, would your board give the CEO full power to handle the merger process?

[Insert your answer here]

How is the criteria established for determining the fit for another credit union to be a qualified merger partner?

[Insert your answer here]

Who makes the determination if board positions are available to potential merger partners. How many positions would your board make available?

[Insert your answer here]

What is the role of the Board Chair in the merger process?

[Insert your answer here]

Roundtable 3  
  
A Chair’s Guide to Successfully Onboarding & Training New Directors

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| --- | --- |
| Participants Name(s): | |
| Credit Union: | City/State: |

The nominating committee is key to identifying the most highly qualified candidates for the board. Using the credit union’s guidelines for board members. how does the committee evaluate a potential candidates’ ability to be successful in both on boarding and training?

[Insert your answer here]

How does you’re on boarding program contribute to the successful development of new directors? How do the established guidelines support those goals?

[Insert your answer here]

All too often we hear long time board members say, “I know everything necessary to be a valued board member.” The ever changing regulatory and legislative environments, the introduction of crypto currency issues, and the global digital transformation render such statements no longer valid. What type of training is recommended/required for the more seasoned board members to prepare them as mentors for new board members?

[Insert your answer here]

Briefly describe/outline what types of training your new directors receive when they come on the board. Have you utilized the NACUC List Serve to both share and solicit ideas?

[Insert your answer here]

Roundtable 4  
  
Practicing Good Governance in the Process of Policy Development

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| Participants Name(s): | |
| Credit Union: | City/State: |

Knowing that policy development is core to providing Management with the tools to service members, how do you insure that all effective parties’ needs are incorporated in the policy development process?

[Insert your answer here]

What have you done to ensure that your board stays current with best practices during the policy development and annual review process?

[Insert your answer here]

If you use a consulting firm or software program to help you build your policies, please describe.

[Insert your answer here]

Has your board of directors established a policy / procedure development and review plan? Briefly describe. How often do you review your policies?

[Insert your answer here]

Roundtable 5

Exploring Future Opportunities: Crypto, Cannabis & Digital Banking

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| --- | --- |
| Participants Name(s): | |
| Credit Union: | City/State: |

What progress have you made in adopting digital banking as a means of serving your members. If not already engaged, describe any process you may be using to reach that goal. If you are not planning on implementing digital banking as way of doing business, please explain you reasons why.

[Insert your answer here]

Please describe any progress you have made relative to cryptocurrency. Include any plans or research relative to crypto storage or involvement in transactional functions with cryptocurrencies. Who is helping you navigate this venture if any? Please explain any difficulties you are facing.

[Insert your answer here]

What action have your credit union taken regarding serving the cannabis market? What difficulties are you facing, if any, in becoming a partner in the cannabis market. Please include any community and social pressures that are adversely impacting decisions you are making relative to cannabis banking.

[Insert your answer here]

Please list any other opportunities your credit union is exploring other than the ones mentioned above.

[Insert your answer here]