

# CUES 119: Credit Union Executive Pay Up Despite Economic Uncertainty

*Good salary data and workplace flexibility are key to competing for top talent in today's hiring market.*

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By Scott Hackworth, Laura Lynch

## **00:04 Lisa Hochgraf**

You're listening to the CUES podcast, Episode 119.

Thank you, CUES podcast nation, for tuning in to our latest show. Whether you're listening from your office, your home or your car, we are grateful to you for joining us. As you know, this show is where you can hear credit union industry leaders and cross-industry experts who provide a wide range of perspectives on trends and topics relevant to you. My name is Lisa Hochgraf, senior editor for CUES and our credit union management magazine.

We are grateful today to two industry suppliers for sponsoring this show. First, let's hear from CUES supplier member Plansmith.

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I'll introduce today's guest right after this word from CUES solutions provider SRM.

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Nothing gets people's attention like a conversation about compensation. Today's guests are here with an update on what is happening with credit union executive compensation based on the results of the most recent CUES Executive Compensation Survey. Our first guest is Scott Hackworth, CPA, the

president of [Industry Insights Inc.](#), CUES' partner in doing both the CUES Executive Compensation Survey and CUES Employee Salary Survey. You'll learn from the show that Scott is a very fun, very well-spoken "data guy." Scott has two master's degrees, one from Northwestern University in predictive analytics, and an MBA in corporate finance from Capital University.

Also joining us today is CUES' own products and services manager, Laura Lynch. Laura has 15 years of experience in working with CUES' compensation surveys and other products as well as with credit unions and CUES members.

These two do a super job explaining how the survey works and what the latest data show. So, let's get started.

Welcome to the show, Scott and Laura.

**3:53 Scott Hackworth**

Hello. It's good to be here.

**3:55 Laura Lynch**

Hi, Lisa. Thanks for having us.

**3:56 Lisa Hochgraf**

So, to help our listeners in the CUES podcast nation get to know you two just a little bit, I wondered if you each would have a quote or a mantra that you live by that you could share with our listeners.

**04:09 Scott Hackworth**

Yeah, the one in my life, I guess that comes into play, I believe was by Edwards Deming. And it reads, "In God we trust, all others should bring data." Just something ....

**04:24 Lisa Hochgraf**

I love that! As someone who manages survey data all day, right? "We love data."

**04:29 Scott Hackworth**

Yes, that is me.

**04:30 Lisa Hochgraf**

Thank you, Scott. That's a wonderful one. Laura, how about you?

**04:35 Laura Lynch**

My mind goes back to a little bit of kind of what you learned in kindergarten, but you know, "Treat others as you like to be treated." I think it's a great personal quote, but also comes into play in business every day, where we're setting expectations and being accountable to other people. So that would be mine.

**04:50 Lisa Hochgraf**

Yeah. And you know, in a way it fits in with compensation, right? We all appreciate being compensated fairly, and maybe even well, for good work. It's a piece of the motivation. And it's certainly important to us just for our well-being and being able to live our lives.

Wonderful opening quotes, you too. Thank you so much.

I'm so excited to be here to talk about the compensation survey today. Tell us about the compensation survey, how long has it been around? And what methodology is used for gathering the data? Who can participate?

**05:21 Laura Lynch**

Well, so we've had the the compensation survey for many, many years here at CUES. I think we're going on, you know, 35-40 years. It's been a long time.

So obviously very different from when we started, when it was a large, printed manual that our credit unions had to flip through. And now it's all online, of course.

So annually, we're asking our credit unions to go online, fill out the executive compensation survey. And we do that usually in January through March of each year. And when I say our credit unions, I mean, both CUES members and non-members. We do invite everyone to participate in the survey. And we're focused on the United States specifically, when our credit unions fill out the survey. They're providing salaries that are current as of that year. So for this year, salary is current as of January 1, 2021. So, this year for our 2021 executive compensation reports, we have data from 308 credit unions.

**06:12 Lisa Hochgraf**

That's a lot of credit unions.

Laura, tell me a little bit more about the sort of the general scope of the foundation of the survey. I know we change it up a little bit every year, but what are the core things that people can expect to see in the survey?

**06:25 Laura Lynch**

So for the executive survey, of course, one of the main focuses is the CEO position. That's what probably is the most often run position when folks are going in and running reports.

But the executive survey does cover all executive-level positions at the credit union. And we do also, side note, have an employee-level survey as well, so our credit unions can go into that survey and see the employee-level positions. But today, our focus is the executive survey. And all of those executive positions are reviewed on an ongoing basis to make sure they're still current. And this year, what we changed was we added a diversity and inclusion officer.

So, as we see our credit unions focusing more and more on DEI and adding positions to oversee the strategy and implementation of DEI, we did go ahead and add a position diversity and inclusion officer.

The other things we've kind of changed recently are around the demographic questions. I think it's been a couple of years where we've started asking about race and gender to see if there are any trends emerging in compensation related to those demographics. So far, we don't have any significant results to report in those areas. We just added that di position this year; we didn't have enough respondents to have significant data. But we'll continue to look at, you know, these demographics and also continuing to look at changes in the industry to adjust the survey as we need to.

**07:42 Lisa Hochgraf**

It's fascinating to watch how trends in the industry and the needs of members and the needs of credit unions organizationally impact what they're doing with their staffing and therefore with their compensation. In the magazine coming up, we're going to be doing a story about the rise of the member experience executive. And that's going to be a fascinating study as well. Perhaps in a future year, you'll be surveying for the compensation levels for that particular executive. Certainly, that's a very important position.

So this last 18 months has been well, unusual. There were a lot of changes to credit union operations and staffing due to the COVID-19 pandemic, the unemployment trends, those things influence the compensation.

**08:26 Scott Hackworth**

Yeah, I would definitely say unusual. That's an understatement for what has been happening over the past 18 months. And so certainly the economy overall. I mean, it's really, it's an extremely interesting thing to look at, because the economy overall dipped more than ever in recent history. It was down 3.5% for 2020. Now, we are expecting that to rise back this year ending up about 2.5% up but certainly last year with all that was going on with economic pressures, unemployment rate skyrocketing there for a little bit, up higher than it's been in two decades or so. Certainly all of those pressures made you think, okay, compensation, how's that going to impact?

And you would normally, I mean, if you asked us in March of last year, we would have said, "Okay, compensation rates are going to have to fall. Things are going to have to decline. And, instead, actually the opposite happened, which is just fascinating from just an outsider's or an economics perspective.

And what we're seeing there was really a confluence of a lot of older executives taking that opportunity to exit the workforce. And so, we see that across lots of industries—in particular, this one where we see that which then increases the need and the demand for executives. So now we have a reduction of supply. And so that's creating this new demand and real pressure on the compensation levels within there.

So yeah, definitely we've seen still within all of these crazy economic uncertainties, the compensation levels overall have still remained robust. And, in fact, the competition for skilled executives remains higher than ever.

**10:10 Lisa Hochgraf**

Fascinating. The economy is an interesting animal, never fully predictable.

So, you've already mentioned the key takeaway from the 2021 compensation survey. What are some additional takeaways? Or would you expand on that key takeaway that you've just mentioned?

**10:23 Scott Hackworth**

Sure, the key overall takeaway is all positions that we survey, which I believe is 23 executive titles, every position that we survey, and we looked at this on a same sample or panel basis, where we look at the same credit unions participating year over year. And when we did that, we saw that each position still increased in compensation during 2020. Again, it's just a fascinating overall takeaway.

And just in general then, pay increases range from three to 7%, just in general terms, which is significant, especially as there's so much uncertainty in the general economy, and what's going to happen next.

And despite that, this urge or this need to maintain consistency, especially amongst the top executives, that need has really risen and become more prominent than ever. And because of that, there's the increase in compensation.

**11:23 Lisa Hochgraf**

That's really good background for understanding the results of the survey. So now we're about halfway through 2021. Unemployment rates are still pretty high. How are credit unions positioning themselves to remain competitive for that top talent that they need?

**11:39 Scott Hackworth**

One of the keys, and this is gonna seem like a shameless plug, but understanding the benchmarks and understanding the numbers, what are what are others? What's competitive? What's the competitive rate? Where should you be relative to others is really a key piece for understanding where should you land, and what should you be offering to attract that top talent.

In addition, we found just across all industries that flexibility is really key, especially as everyone in general varies. Some remote work working from home, some flexibilities that had not ever been seen before. And now we're tiptoeing back into a different pace. And they are there still a nice premium on that flexibility. And that ability to work from home, that ability to go to an appointment or take a walk or go for a jog, those things. And if we take that away, there has to be a premium in terms of compensation.

And so, there is a lot of play there in terms of what others are willing to put up with or willing to allow and making sure that you're on top of that.

**12:47 Lisa Hochgraf**

That's very interesting. Because we when we talk about compensation, we are talking about a package. I know you're a numbers guy, right? So, it all comes down to numbers in the end. But what we're talking about there, the flexibility, is kind of a more human thing, if you would, than just how much you get in your paycheck when it gets deposited every two weeks.

**13:05 Scott Hackworth**

That's right. And there's definitely trade-offs. So yes, I think that the positions are the credit unions that are willing to put together the best overall package where that includes the human elements and some of the flexibilities and the vacation times and the benefits. And some of those pieces, the wellness packages, along with the overall compensation will win in the long run.

**13:28 Lisa Hochgraf**

So, talk to me a little bit about the compensation philosophy that credit unions ground their decision-making in. Are there some things that are relevant today with regards to compensation philosophy that might not have been so important five years ago?

**13:42 Scott Hackworth**

From our perspective, what we would say is that definitely the flexibility and the power of the employee has become larger than it has been in a really long time. And definitely the shakeup that happened, where anytime there's change, there's new thoughts, there's new developments. And so certainly having the employee now feel empowered, and being able to say, "Hey, you know what, I've been working from home five days a week. I think I can still work from home three days a week and get, you know, I'll be in the office, can we make that work? Can we do this flexibility?" And those are all parts of that discussion that were they would have been laughed at five years ago.

**14:23 Lisa Hochgraf**

So, this is all really great and very interesting information for credit unions. How would a credit union that wants to get the data access the compensation survey at this point?

**14:33 Laura Lynch**

So, Lisa, our credit unions can go online to pull reports. It's a nice tool that allows you to cut your data as you want it. So, choosing your own peer group, whether that be by asset by region, things like that. So that's all available online. Any credit union that is a CUES Unlimited+ member gets complimentary access to the executive compensation reports as well as the employee compensation report, so they can go to the CUES website to find that. Anyone who's not a CUES Unlimited+ member can purchase access. And they can also do that via our website. And those subscriptions that are purchased are good for 12 months, and the credit unions can run as many reports as they need throughout that year. So good place to go is [cues.org/ECS](https://cues.org/ECS) for Executive Compensation Survey.

**15:20 Lisa Hochgraf**

Excellent tip, excellent strategy. Laura and Scott, thank you so much for being on the show today.

**15:27 Laura Lynch**

Thanks, Lisa. Appreciate your time. Thank you, Scott, for joining us.

**15:31 Scott Hackworth**

Thank you. I've appreciated it, and it's been a lot of fun.

**15:35 Lisa Hochgraf**

Thank you so much for taking time out of your day to listen to the CUES Podcast. And thanks to Scott and Laura for being our guests.

I hope all of you listeners got some great ideas about compensation philosophy and trends that you can apply at your credit union. I hope that you have been inspired to check out the two CUES surveys. Find the CUES Executive Compensation survey at [cues.org/ECS](https://cues.org/ECS) and the CUES Employee Salary Survey at [cues.org/ESS](https://cues.org/ESS).

These surveys would not be possible without the participation of credit union executives. If you didn't provide data this year, please consider doing so next year.

Our thanks also go out to CUES Supplier member Plansmith and CUESolutions provider SRM for sponsoring this episode. If you'd like to learn more about being a CUESolutions provider, a CUES Supplier member or how to sponsor CUES content, please email [Kari@cues.org](mailto:Kari@cues.org). That's k-a-r-i at CUES dot org.

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