

Breaking Down the Generational Challenge For Credit Union Directors and Volunteers (*With Real Life Working Examples*)



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Directors Recognize

- Need to recruit and retain quality CEO talent
- Importance of benefits that work to hire and keep the best and brightest CEOs
- Changes in benefits, tax laws and marketplace demands in this area



Big New Developments

- Reasoned approach to succession planning
- New tax law brings 21% excise tax to credit unions (White Paper available)
- Filing of publicly accessible Form 990 or similar form likely coming



Directors Follow These Developments...

- But credit union fiduciary replacement requires due diligence also
- Must develop next generation of CU volunteers – and it is a non-delegatable board responsibility



Likelihood of the Landscape Changing?

- Compensation or expansion of volunteer time reimbursement of directors at federal credit unions – very unlikely in current congressional stalemate and inaction
- Greater legal indemnification for directors – trend moving in other direction



The Responsibility Remains

- Must have next generation that understands CU philosophy as not-for-profit, member-owned cooperatives
- Must be committed to taking liability to further the institution over self
- Must be able to defend tax exemption



Understanding the CU Difference

- Must have next generation that understands CU philosophy as not-for-profit, member-owned cooperatives
- Committed to it and willing to serve with growing time demands and requirements
- Continuing education essential



Liability to Institution over Concern for Self

- Court rulings on Duty of Care, Duty of Obedience and Duty of Loyalty are sobering challenges to recruitment
- Post-Enron and Post-Financial Crisis has increased fiduciary scrutiny and responsibility



Must Be Able to Defend the Tax Exemption

- Structural argument
- Not based upon size, products or expansion of membership
- It Ain't the Cookies! (White Paper available)
- Congressional support strong but must be maintained



Let's Look at Practical Solutions That are Working

- Branch Advisory Councils
- Branch Leadership Surveys
- Board Advisory Council
- Board Member Emeritus
- Supervisory Committee Alternates



Branch Advisory Councils

- Three to five at each branch selected by branch manager – Don't Need 40, Need 4
- Twice annual lunch or dinner meetings for input – some call Outback Committees
- Get good ideas, share CU story, identify bench strength of interested supporters
(sample policy available)



Branch Leadership Survey

- Written questionnaire that can be used with Branch Advisory Councils or alone
- Questionnaire should be given to at least a dozen at each branch to expand number
- Con – Fewer participate but those who do are committed



Board Advisory Councils

- Normally the same size as the board
- Can come from Branch Advisory Council
Branch Leadership Survey or Supervisory
Committee
- Quarterly meetings normally and may
attend board meetings upon board request



Board Member Emeritus

- A means of creating a vacancy or two to
fill with newly developed talent
- Still protects historical perspective of
board member
- Recognition, attendance, training... but no
vote



Supervisory Committee Expansion

- Five member committee maximum
- Can have voting alternates
- Enables up to ten CU members involved and learning credit union
- Can be filled by those identified by other programs and initiatives



Enhances

- Diversity on board – gender, race, profession, geography
- Especially important for community footprint credit unions to diversify
- Credit union movement strength
- Political winner



Strengthening Boards

- Continuing education policies need strengthening
- Specific fiduciary training – webinar option (archived training available numerous sites)
- Board evaluation options
- Board self-evaluation (instrument available)



Available Take-Aways

- White Paper on New Tax Law
- White Paper on Credit Union Tax Exemption
- Branch Advisory Council Policy Template
- Board Self-Evaluation Sample Template



Questions and Answers...

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