

Glossary of Terms

401(k) Plan

A defined-contribution benefit plan into which employees and/or employers can make pretax contributions through salary reduction agreements.

457(b) Plan

Non-qualified deferred compensation plan available only to government employees and non-government organizations, such as credit unions, that are exempt from tax under Internal Revenue Code Section 501. Used as a pure deferred compensation plan with a maximum deferral (e.g. \$17,500 for 2013) or 100% of includable income, whichever is less.

457(f) Plan

Non-qualified deferred compensation plan available only to state and local government employees and non-government organizations exempt from tax under Internal Revenue Code Section 501. Used as a salary continuation plan, which can be offered on a discriminatory basis. Amounts deferred must be subject to substantial risk of forfeiture to receive tax-preferred treatment.

Average

The simple average of all responses for a particular item (e.g., it is the result of summing the values and dividing by the total number of responses)

Base Salary

Salary paid for a job performed. Does not include benefits, overtime, incentive premiums, or any pay element other than base salary.

Basic Life Insurance

A life insurance policy provided to employees as part of a core or basic benefits program. Typically paid for by the employer.

Bonus/Incentive

Bonus is defined as additional cash compensation paid to an individual on a discretionary basis; not based on predetermined standards or goals. An incentive is contingent cash compensation based on successfully achieving predetermined goals. For the purposes of this survey, bonus and incentive amounts should be combined to report actual amount paid for both bonus and incentive awards over the past year.

Car Allowance

An amount paid by the credit union to provide a car for the purpose of conducting credit union business. The care can be owned or leased by the credit union or paid for as part of a regular allowance. This is above the direct reimbursement of expenses.

Contributory Retirement Plan

A retirement plan to which the employee contributes all or part of the cost; any remainder is paid for by the employer.

CUSO

Credit union service organization. CUSOs are subsidiaries of credit unions and are the equivalent of operating subsidiaries for banks and thrifts. CUSOs are limited partnerships, corporations or limited liability companies in which a credit union has made an investment and/or loan, which provides a service permissible under the CUSO regulations and primarily serves credit unions or members of affiliated credit unions.

Defined Benefit Plan

Plans specifying the benefit at retirement. Generally, the benefit is based on a percentage of final average earnings and/or length of service. The organization contributes the amount necessary to provide the benefit.

Defined Contribution Plan

Plans specifying the amount of the contribution to the plan (based on salary, profitability, years of service, etc.). The value at retirement depends on the appreciation of the investment vehicle over time.

Employment Contract

A document which identifies the term of employment, the services to be provided by the executive during this term, and the compensation to be provided by the employer.

Executive Long-Term Disability Insurance (LTD)

Individual Long-Term Disability Insurance issued to executives designed to supplement the employer's group Long-Term Disability Insurance Program(s). Most group plans have a specific dollar limit for the monthly benefits, such as \$7,500. The limit causes certain highly compensated employees to be underinsured. Executive LTD programs are designed to cover the gap in coverage amount.

Exempt

Positions which are exempt from overtime pay under the Fair Labor Standards Act.

Full-Time Employee or Full-Time Equivalent (FTE)

Refers to the number of full-time employees plus all part-time equivalents. Count full-time employee as 1 and each part-time employee as 0.5. For the purpose of this survey, full time is defined as 35+ hours/week.

Golden Parachutes

Severance agreements that protect key employees from the effects of a corporate takeover or change in control. They provide either continued compensation for a specific period following termination or a lump-sum payment.

Headquarters

Headquarters refers to the state in which the main office of the credit union is located.

IDC Camel Rating

A rating used by regulators to evaluate performance. The rating is based on five elements of a credit union's operations: capital adequacy, asset quality, management, earnings and asset/liability management.

Key-Person Life Insurance

An insurance policy that protects an organization against the financial loss caused by death or disability of a vital member of the organization.

Long-Term Incentives

Contingent financial rewards tied to organizational performance as measured over an extended time period, defined in this survey as beyond 12 months.

Membership Size

The number of current credit union members; not the number of potential members, but the number of actual members.

Metropolitan Area

Metropolitan area refers to the overall population of the surrounding city and suburbs in which your credit union is located. This question is designed to separate rural areas from urban areas and mid-size urban areas from large metropolitan areas. Note the answer offers a selection of five broad categories. It is not necessary to know the exact population of your community.

Money Purchase Plan

Allows the highest tax-deductible contribution rate allowed in a defined contribution retirement plan (25% of salary or \$49,000).

Non-Exempt

Positions which are not exempt from overtime pay under the Fair Labor Standards Act.

Other Taxable Compensation

Includes benefits or perquisites which are taxable, such as club dues and fees, personal use of company car, employer contributions to non-qualified deferred compensation.

Part-time Employee

For the purpose of this survey, employees who work less than 35 hours/week.

Percentiles

10th Percentile (10%)

The data point in a set of numbers where the numbers are ranked from lowest to highest, where 10% of the numbers are smaller and 90% are larger.

25th Percentile (25%)

The data point in a set of numbers where the numbers are ranked from lowest to highest, where 25% of the numbers are smaller and 75% are larger.

Median (50th Percentile)

The middle number in a set of numbers where the numbers are ranked from high to low. When an even number of items are ranked from high to low, the average of the two middle items is the median. Unlike the average, the median is not affected by extremely high or low values.

75th Percentile (75%)

The data point in a set of numbers where the numbers are ranked from lowest to highest, where 75% of the numbers are smaller and 25% are larger.

90th Percentile (90%)

The data point in a set of numbers where the numbers are ranked from lowest to highest, where 90% of the numbers are smaller and 10% are larger.

Perquisite

A benefit in addition to the standard benefit package reserved for a select group of employees, typically senior executives. Country club dues reimbursement is an example.

Qualified Plans

A pension or profit-sharing plan with certain tax advantages for both the employer and employee that meets statutory requirements and does not discriminate in favor of officers, shareholders, supervisory personnel or highly compensated employees. These plans have tax preferred status and are governed by ERISA (Employee Retirement Income Security Act) rules. These rules define benefit availability and nondiscrimination requirements.

Responses

The total number of credit unions reporting data for the corresponding metric.

Split-Dollar Insurance

An agreement between two parties (usually an employee and employer) under which each shares in the annual insurance expenses according to the terms of the agreement and in the policy's equity and death benefits.

Supplemental Life Insurance

Additional amounts of life insurance that may be provided to an executive. The insurance may be paid for by the employer, the executive, or both.

Total Compensation

The sum total of an executive's base salary, annual actual bonus or incentive amount, paid in the last 12 months, plus other taxable compensation. This does not include contributions to deferred compensation plans, credit union contributions to 401(k) plans or pension plans.

Your CU

Indicates the responses provided by your credit union.