

Spring 2019 Issue

Join Board Leaders in Austin for the 2019 Leadership Development Seminar



Board leaders from around the country are making plans to attend the [2019 Leadership Development Seminar](#) in Austin, Texas. From June 23-25, seminar facilitator Tim Harrington will guide participants through an agenda packed with actionable strategies acquired through board chairs' own inquiry and experiences. The program is focused on essential governance topics around a free flow of ideas from the group.

Participants will explore various aspects of the board's role and responsibilities including:

- Drawing a line between governance and operations to keep the two separate
- Keeping the board focused and effective
- Creating an environment for continuous improvement
- Recruiting quality directors
- Understanding the board's role in creating the "Big Picture" view
- Honing in on the purpose and values of the credit union
- Focusing on a process and a system for defining the goals to be accomplished
- Building a healthy CEO/Chair relationship
- Developing appropriate measurements to establish accountability
- Monitoring consistently the achievements of the CEO and the credit union

[Learn More ▶](#)

2019 MEETINGS



June 23 - 25, 2019

NACUC's 2019 Leadership Development Seminar
The Driskill Hotel
Austin, Texas



October 9 - 12, 2019

NACUC's 43rd Annual Chairmen's Roundtable Forum
The DeSoto Savannah
Savannah, Georgia



Austin is known as the Live Music Capital of the World®. [The Driskill Hotel](#) is located on Sixth Street in the heart of downtown Austin. The iconic hotel is within walking distance to all that the city has to offer, including the Texas State Capitol, opera, symphony, fine dining, shopping, and Austin's exciting music scene.

[Register Now ▶](#)

Scholarship Available for Austin Seminar

Credit unions needing financial assistance to be able to attend the 2019 Leadership Development Seminar are invited to apply for the Norma Benson Memorial Scholarship. Please review the program details below to find out if your credit union qualifies. The deadline to submit an application has been extended to Friday, May 3.

[CLICK HERE](#) to download the scholarship application.

Questions? Email nacuc@nacuc.org, or call 1 (888) 987-4247

Criteria for Eligibility

- Current Board Director in good standing at the time of application
- Credit union with less than \$50 million in assets

Scholarship Includes:

- Seminar Registration - all sessions, meals and breaks included with the seminar program
- Two nights lodging at the seminar hotel



A topic that frequently comes up during strategic discussions among NACUC's board is how we are doing as an organization to meet the needs of small credit unions. Establishing the Norma Benson Memorial Scholarship for volunteer board leaders to attend the Leadership Development Seminar was certainly an important step in making it possible for credit unions of modest means to participate in high-level leadership training. Our

2019 SPONSORS



CHAIRMEN'S LISTSERVE



NACUC offers members a convenient email listserve to be able to exchange ideas and strategies. To join the growing group of chairmen who participate in this valuable service, click the button below.

[Learn More ▶](#)

Chairmen's Roundtable Forum includes a session where attendees are grouped by credit union assets to provide the opportunity to discuss topics related to the size and complexity of their organization.

Recent statistics show that of the 5,492 credit unions in the U

.S., 3,881 have assets under \$100 million—the threshold at which both CUNA and NCUA define a “small” credit union. That is a staggering 71% of all credit unions. It begs the question, are we as an association doing enough to meet the needs of this segment? The Board is considering a task group for the purpose of evaluating how NACUC can better serve credit unions of varying sizes. Chuck Smith, a long time member and supporter of NACUC, has agreed to lead the group. If you are interested in participating, please reach out to me directly at mschwa2911@aol.com



CUbroadcast Interview: NACUC Looks to Expand Its Presence



Feb. 2, 2019 - CUbroadcast host Mike Lawson sat down with Marlene Schwartz, Chair of State Department Federal Credit Union and Jerry Hauck, Chair of Rogue Credit Union, who serve as Chair and Treasurer on the NACUC Board. They shared a vision for growing the organization and making sure other board members know about NACUC's many benefits.

Platinum Sponsor Spotlight:



Investment Accounting Update Could Affect Strategy

February 1, 2019

Evaluate and address the potential impact on net income

If your credit union invests in non-703 compliant securities, the board should address an accounting standard update that could affect your investment strategy. Depending on the size of your securities investments, you might need to adjust your strategy to avoid unwanted income volatility.

The update, issued by the Financial Accounting Standards Board (FASB) in January 2016, takes effect for credit union beginning with the 2019 fiscal year. However, it's a good idea to start looking at the potential effects of the accounting change now.

FASB's update intends to give those who need to review financial statements a more complete and clear disclosure of financial assets and liabilities. For example, the updated accounting standard now separates accounting for debt securities from equity securities.

One significant effect of the update: Most credit unions will measure and report the value of certain equity investments differently than they do now.

Impact on net income

Credit unions generally categorize one type of non-703 compliant investment targeted by the new rule—equities, such as stocks and mutual funds—as “Available for Sale.” Changes in their value from one year to the next don't affect the income statement. They're considered an “unrealized gain/loss.”

But to comply with FASB's update, credit unions must account for these investments as “Trading Securities,” the designation that securities owners intent to sell for short-term profit. The big difference between these two categories is that you report trading securities at fair market value—and the periodic change in this value will appear on the income statement as income or expense.

Credit union board that hold the affected investments should address the potential impact on net income. Either investments for charitable donations, it allows credit unions to retain up to 49% of CDA earnings. So CDAs can add to a credit union's ability to improve its area and garner goodwill while bolstering the bottom line.

Start running the numbers

If your credit union's employee benefits prefunding program or CDA has been using the investments this FASB update affects, the board will need to assess the performance of these investments over the years. The returns you've been getting might certainly warrant a potentially more volatile net earnings statement.

Another option: Find similar investments that will qualify for the "available for sale" designation. Work closely with your benefits prefunding and/or CDA provider to assess projections for your investment returns under various economic scenarios.

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noteworthy

CEO Compensation & Benefits Report Now Available!



Chairmen who participated in NACUC's 2018 CEO Compensation & Benefits survey should have already received the full report. The report has been redesigned to include side-by-side comparisons of current and projected compensation data, and more accurately represents the data ranges that relate to credit union size and operational factors. If your credit union did not participate in the survey, the full report is available for purchase. Email lauren@nacuc.org to purchase the report.

Welcome, New Members!

Andrews Federal Credit Union

NRL Federal Credit Union

Merck Sharp & Dohme Federal Credit Union

industrylinks

Follow the links below to get the latest news, trends and industry insights affecting your credit union:

GOVERNANCE AND STRATEGIC PLANNING

[Good Governance: Here's Why I Shouldn't Leave The Board](#)

ECONOMIC

[CU membership surpasses 116M in Q4](#)

[Five Ways to Prepare for the Coming Recession](#)

REGULATORY

[On Compliance: Fewer Changes,
More Enforcement Possible In 2019](#)

[Proposed CECL relief unlikely to be of use to CUs,
true relief needed](#)
