

Turn Your Succession Plan into a Succession Strategy

Did you see the statistics presented by CUNA that tell us more than 50% of credit union CEOs are eligible to retire in the next 10 years?*

Is your credit union sufficiently prepared to retain (or recruit) your CEO's successor, to help in continuing to meet your strategic objectives? With C-suite executives being actively recruited every day, a succession plan typically isn't enough. You need a succession "strategy"; one that will prevent disruption of meeting your strategic and financial goals through continuity of decision making.

A succession strategy can decrease your credit union's risk of losing key leaders to another organization, by helping to meet their personal financial needs into the retirement years. A supplemental executive retirement plan (SERP) is a solution that aids credit unions in their ability to competitively reward and retain top talent.

Given that traditional retirement plans have contribution limits, your CEO (and other C-suite executives) may face a gap in their income at time of retirement. The threat of this retirement income shortfall may be enough to lure them away to another organization, or prevent a top recruit from coming on board.

Maurice Simard, CEO at Triangle Credit Union believes that this solution is more than just golden handcuffs. According to Simard, it reinforces managers' commitment to the credit union growth and success. The benefits also communicate how important these individuals are to the board and the credit union as a whole. In other words, they not only create an incentive to stay; they foster a desire to as well.

As proof, Triangle has had no voluntary turnover among its highest-level employees in the past 15 years. "When you give someone this kind of benefit, they feel valued," Simard says. "We have an excellent management team. They're very capable. And the reason why we did this was really to entice them to stay with Triangle."

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*CEO Total Compensation Report for credit unions with \$100M+ in assets, CUNA, 2013-2014.