



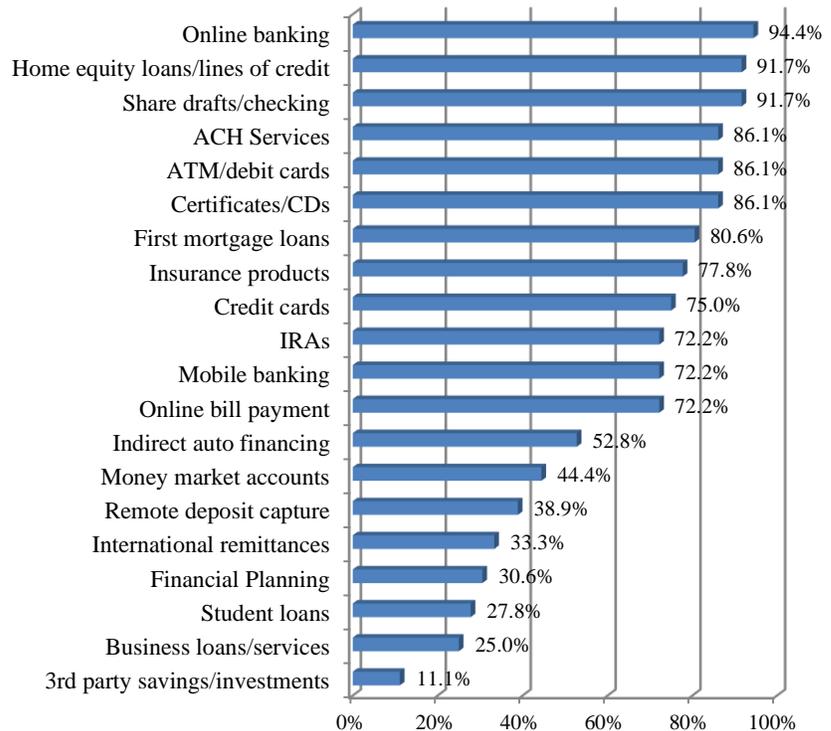
November 20, 2017

2017 CREDIT UNION INDUSTRY SURVEY HIGHLIGHTS

Hawaii Employers Council is pleased to release the 2017 Credit Union Industry Salary Survey. While credit unions offer the same financial products as banks, they are not-for-profit financial cooperatives that pay back earnings to members in the form of higher savings rates and lower loan rates. To better understand the kind of services that Hawaii credit unions offer their members, survey participants were requested to identify which services they offer from a list of twenty services common in the industry. Results indicate that 50% of participating credit unions provide the services listed below, in order of the highest responses received:

- Online Banking
- Home Equity Loans / Lines of Credit
- Share Drafts / Checking
- ACH Services
- ATM / Debit Cards
- Certificate / CDs
- First Mortgage Loans
- Insurance Products
- Credit Cards
- IRA's
- Mobile Banking
- Online Bill Payment
- Indirect Auto Financing

Services Offered by Credit Unions



A total of thirty-six (36) credit unions, including members of the Hawaii Employers Council (HEC) and/or members of the Hawaii Credit Union League (HCUL) participated in this year's survey. The partnership between HEC and HCUL allowed the report to provide information related to:

- Employee retention
- Compensation practices, including salary ranges for forty-three (43) jobs covering thirty-six (36) Hawaii credit unions; and
- Benefits offerings common to credit unions across the state.

Employee Retention

In an economy with low unemployment, employee retention is top of mind for employers across industries. Based on the data reported, the credit union industry is currently experiencing an overall average turnover rate of 16.0%, with a 23.4% turnover rate for tellers.

	Credit Union Survey	Hawaii (2016 Turnover Survey)	National CompData Survey
2016 Turnover	Average	Average	Average
All Organizations		16.8%	17.8%
All Jobs (Banks and/or Credit Unions)	16.0%	22.0%	18.1%
Teller only	23.4%		

Turnover is defined as:

of all separations during the year / average # of employees on payroll x 100

Compensation Practices

- Formal Pay Structure**

Slightly over half (52.8%) of participating credit unions utilize a formal pay structure, which is a hierarchy of grade levels with corresponding pay ranges that provides guidelines of the highest and lowest amount an organization is willing to provide as base pay for respective jobs.

Based on the organizations with a formal pay structure, the actual median adjustment applied to a formal pay structure is noted below. Information from the HEC 2017 Salary Adjustment Survey and 2017-2018 WorldatWork Budget Survey are provided as additional reference points.

HEC 2017 Credit Union Survey

	<u>Actual</u>	<u>Projected</u>
Median	2.0%	2.8%
Average	2.5%	2.6%

HEC 2017 Salary Adjustment Survey

	<u>Actual</u>	<u>Projected</u>
Median	2.0%	2.0%
Average	1.9%	1.9%

WorldatWork (National) Survey

	<u>Actual</u>	<u>Projected</u>
National Median	2.0%	2.0%
National Average	2.0%	2.1%

- **Annual Merit / Pay Adjustment**

Twenty-five of the thirty six survey participants (69.4%) reported that they provide an annual merit pay adjustment to employees. Of these credit unions, 16 (64.0%) provide this adjustment on a common date to all employees.

Information from the HEC 2017 Salary Adjustment Survey and 2017-2018 WorldatWork Budget Survey are provided as reference points.

[HEC 2017 Salary Adjustment Survey](#)

	<u>Actual</u>	<u>Projected</u>
Median	2.9%	3.0%
Average	2.9%	2.4%

[WorldatWork \(National\) Survey](#)

	<u>Actual</u>	<u>Projected</u>
Hawaii Median	3.0%	3.0%
Hawaii Average	2.9%	3.2%
National Median	3.0%	3.0%
National Average	3.0%	3.1%

[Benefits](#)

Competitive base pay is essential to attract, recruit and retain the talent needed to support an organization to thrive. In addition to base pay, an organization must also support its workforce by offering a variety of benefits that fit its culture while meeting worker needs.

Since each employer has a unique mission, vision, values and corporate culture, benefits offerings vary greatly between organizations. A benefit that works effectively for one organization may not be as effective in another. Instead of comparing individual benefits offerings line by line, a better way to determine if an employer's benefit offerings are competitive is to understand how an organization's benefits to payroll cost ratio compares to other organizations.

The benefits to payroll cost ratio is defined as total benefits expenses divided by total payroll cost. This ratio allows an organization to evaluate how much is being spent on employee benefits in comparison to other employers.

According to the HEC Benefit Plans in Hawaii Survey, since 2006 the average benefits cost to payroll ratio for all participating organizations has been reported between 34.5% - 38.1%. This translates to the outlay of \$0.35 - \$0.38 per payroll dollar is spent on an organization's benefits offerings.

Based on responses shared by participating credit unions, the average benefits to payroll cost ratio within the industry is 42.3%, with a median of 41.0%.

Survey	Benefits Cost / Payroll Ratio	
	Average %	Median %
2017 HEC Credit Union Survey	42.3%	41.0%
2015 HEC Benefits Survey – All Organizations	38.1%	37.2%

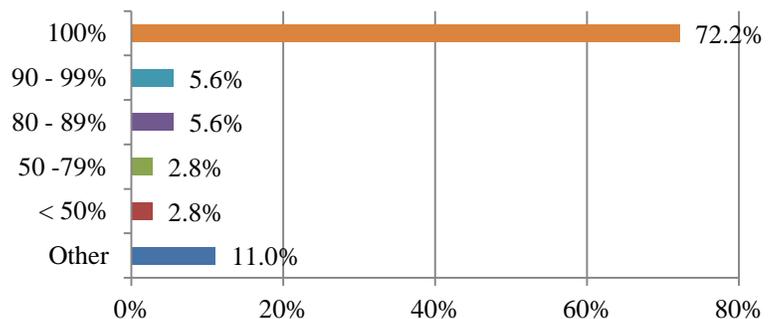
Aside from sharing information on their organization's benefit cost / payroll ratio, respondents also reported information related to specific benefit offerings including health, dental, life insurance and retirement plans. They also reported on other benefit offerings, as well as practices regarding paid holidays and other time off.

Health Plans

- Medical**

Participating credit unions reported offering one to five medical plan options, with an average of 2.2 plan offerings. Hawaii Medical Service Association (HMSA) was the most widely offered medical plan, followed by Kaiser. The type of medical plan most offered was Preferred Provider Organization (PPO) (55.1%) followed by Health Maintenance Organization (HMO) (43.6%).

Credit Union's Share of Employee Only Coverage



- Prescription Drug**

Nearly all credit union participants (97.2%) offer a prescription drug plan. More than three-fourths of survey respondents (77.1%) include prescription drug coverage as part of their medical plan and the remaining offer the plan as a rider.

- Vision**

All credit union participants reported offering a vision plan. Almost seventy percent of survey respondents (69.4%) include vision coverage as part of their medical plan, and the remaining offer the plan as a stand-alone option.

Dental Plans

All participating credit unions reported offering dental plan coverage with six (16.7%) credit unions reporting that they offer two plan options. Hawaii Dental Service (HDS) was reported as the dental plan offered by most credit unions. Nearly three-fourths (72.2%) of credit unions report that dental coverage begins immediately or on the first of the following month following an employee's hire date. The remaining credit unions have a waiting period within their organization that ranges from one month up to six months.

The dental plans offered by 61.1% of participating credit unions provide basic benefits coverage at rates ranging from 71% to 100%. Nineteen percent of respondents provide basic benefits coverage at 70%, and the remaining respondents offer various levels of coverage.

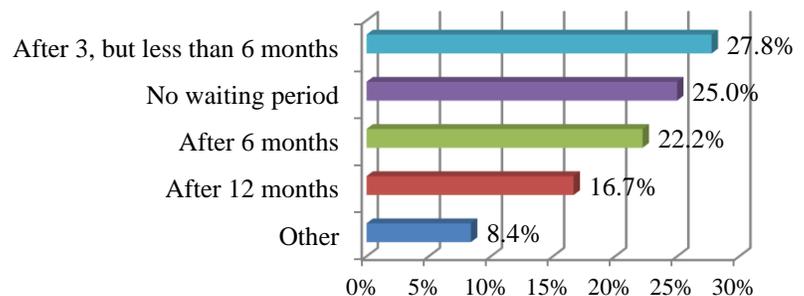
Life Insurance Plans

All survey participants reported offering employees a Group Life Insurance plan and nearly all participants (97.2%) reported that they cover 100% of the cost of basic life insurance coverage. A majority of respondents (88.9%) include Accidental Death and Dismemberment (AD&D) coverage as part of the company's life insurance plan.

While service requirement that must be met for plan participation varies, the majority of respondents reported that their plan requirements fall into one of the categories below:

- After 3 months, but less than 6 months (27.8%)
- No waiting period (25%)
- After 6 months (22.2%)
- After 12 months (16.7%)

Service Requirement for Life Insurance



Retirement Plan

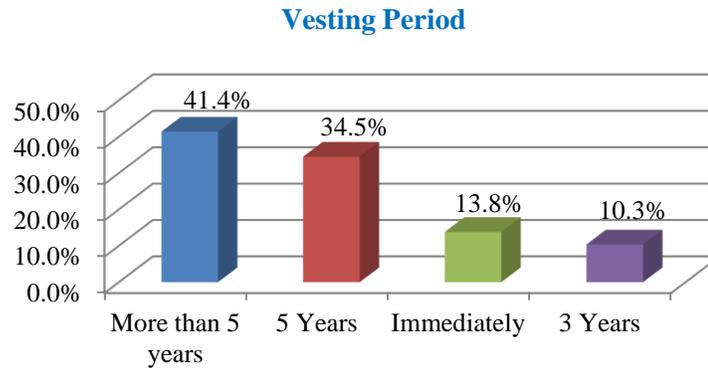
Fewer and fewer organizations across a variety of industries are offering defined benefit plans. Those organizations that have had them are choosing to freeze or terminate them, and focus instead on offering enhancements to their defined contribution plans. The data reported by Hawaii's credit unions tracks these general trends. Most of the participating credit unions (72.2%), do not offer a Defined Benefit Plan. Of the 27.8% of credit unions with a defined benefit, thirty percent of these respondents allow employees to make contributions to the plan.

To better understand eligibility requirements for Defined Benefit plans, survey participants were requested to identify plan eligibility requirements from a list of six definitions common for defined benefit plans. A few organizations (40%) require exactly one year of service or have some type of other eligibility. The majority of respondents (60%) reported eligibility requirements evenly across the three categories below:

- ✓ Less than one year of service
- ✓ One year of service and 1,000 hours worked
- ✓ One year of service, 1,000 hours worked and specified age

All participating credit unions offer a Defined Contribution Plan. A majority of survey respondents (80.6%) offer various levels of a company match benefit.

The vesting period for the company match portion varies, for a majority of credit unions (75.9%) it's five or more years, with a small group (13.8%) offering immediate vesting and the remaining credit unions having a vesting period of three years.



Other Benefits

In addition to the foregoing offerings, survey respondents that they offer additional benefits to eligible employees. These benefits are listed in order of greatest responses received:

- ✓ Long Term Disability Insurance
- ✓ Paid parking
- ✓ Long Term Care Insurance
- ✓ Cafeteria Plan
- ✓ Pre-tax parking
- ✓ Child / Dependent Care Assistance
- ✓ Other miscellaneous programs

Holidays

All participating credit unions observe a variety of holidays each year. Although there is a variation in how many holidays organizations observe, half of the respondents observe twelve to fifteen holidays, another 27.8% of respondents observe sixteen to nineteen holidays and the next largest group of respondents observe eleven or less holidays.

The following five holidays are observed by all participating credit unions:

- New Year's Day
- Memorial Day
- Independence Day
- Thanksgiving Day
- Christmas Day

Time Off

All participating credit unions offer time off for employees, either as vacation, sick or paid time off (PTO). One week to five weeks are provided as a benefit, based on various years of service benchmarks.

HEC conducts a variety of compensation and benefits surveys to provide data useful in developing and administering compensation and benefit plans, and personnel policies. Custom snapshots and comparison reports from our compensation surveys are available, along with customized, proprietary surveys conducted on your behalf. Our Survey & Compensation experts can also work with members on employee opinion surveys to identify gaps between being an employer of choice and being merely an employer. For more information, please contact Cathy Keaulani, Survey & Compensation Services Manager (ckeaulani@hecouncil.org), or Susan Amuro, Survey & Compensation Analyst (samuro@hecouncil.org).

