Effective Financial Advisor Compensation in Credit Unions

May 2014

CUNA Brokerage Services, Inc.

KSA KEHRER SALTZMAN & ASSOCIATES

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9218 Skipaway Drive Waxhaw, NC 28173 T 704-243-4512 info@kehrersaltzman.com www.kehrersaltzman.com

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About The Study

Most available information on Financial Advisor compensation in financial institutions focuses on banks, particularly the largest banks that maintain their own broker dealer. To expand that perspective, CUNA Brokerage Services, Inc. commissioned Kehrer Saltzman & Associates to survey Advisor compensation in credit unions and identify best industry practices.

Methodology. This study draws on the Kehrer Saltzman *2013 Advisor Compensation Plan Study*, which obtained the actual Advisor compensation plans from investment services units in 35 banks and 13 credit unions. For the current study, we obtained Advisor compensation plans from 21 additional credit unions. The resulting database includes compensation data for Advisors in these 34 credit unions. See the Appendix for a list of the institutions covered by this study.

We then integrated the compensation plan data into the database for the *2012-2013 Kehrer Saltzman Credit Union Investment Services Benchmarking Survey*, which includes information on Advisor productivity, revenue and profit penetration, and Advisor recruitment and retention. Thus, for the first time, we are able to examine the impact of various facets of the compensation plans on the performance of investment services in credit unions.

Advisor Compensation Plans in Credit Unions

Payout Computation. Advisor Compensation Plans in financial institutions generally calculate the current month's compensation in one of two ways:

- based on the Advisor's production over the past year, which we call "Annual Plans," or
- based on the Advisor's production in the most recent month, or "Monthly Plans."

Seventy one percent of the credit unions studied had Annual Plans, compared to only 58% of the banks in our broader compensation survey. (A few firms that based compensation on production in the previous six months were included in the Annual Plan group.)

Gross vs. Net. The majority of financial institutions base the payout calculation on the gross production of the Financial Advisor, i.e., the gross revenue from the sales commissions on investment products and the fees from the assets under the Advisor's administration. But 39% of the credit unions studied compute the Advisor's payout from revenue net of their broker dealer fees. This is in sharp contrast to bank practices, where only 17% of the banks we studied base payout on net commissions. This difference is largely due to the practices in banks with their own BD, all of which compute payout from gross revenue. Three bank firms pass through ticket charges to the Advisors, but these typically amount to 1% or 2% of production.

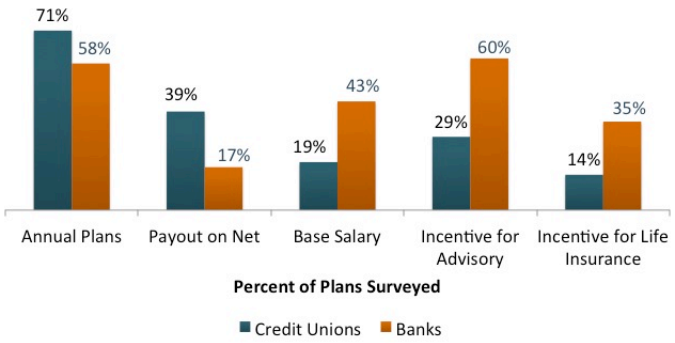
Base Salary. One-fifth of the credit unions surveyed provide their Advisors a true base salary that is guaranteed and cannot be recovered. By contrast, more than twice as many bank investment services firms pay a base salary. Banks appear to be more sensitive to, or aware of, recent wage and hour rulings that have classified Advisors as non exempt employees eligible for overtime pay if they do not receive a guaranteed salary.

Effective Payout. By combining the base salary, where applicable, with the payout at each production level we can compute the effective payout at those levels. For Annual Plans, the average effective payout in credit unions rises from 32% at $100,000 of annual production to 45% at $800,000. Note that at $100,000 in production, banks have a higher payout. The average payout is the same in credit unions and banks between $200,000 and $300,000, but at $400,000 and above credit unions provide higher payouts, on average.

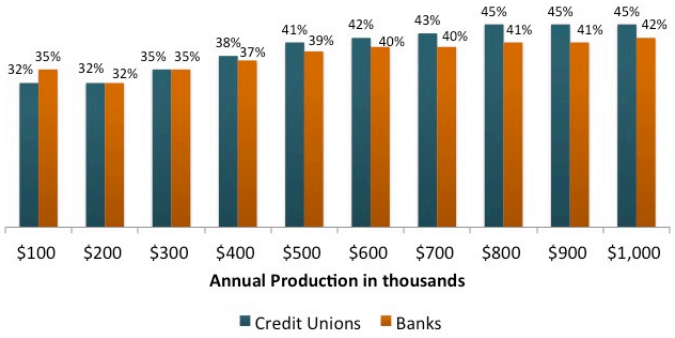
For the firms with Monthly Plans, credit unions actually have higher payouts at the low end of production. Average payouts are the same in credit unions and banks in the $300,000 to $700,000 range, but above that level average payouts in banks are slightly higher.

At low production levels, base salaries pull the effective payout up in credit unions and banks, but the effect of a base salary diminishes the higher the production. In a separate study, we provide grid payouts at various

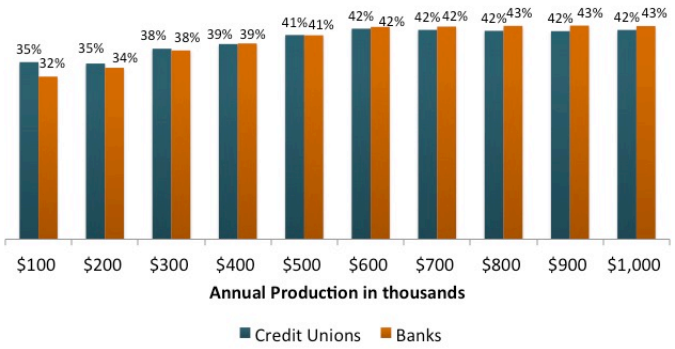
Incentive Plan Parameters:
Plan Structure and Special Incentives



Effective Payout: Annual Plans



Effective Payout: Monthly Plans



production levels, as well as the minimum, median, average and maximum payouts for both credit unions and banks.

Note that Monthly Plans in credit unions are more attractive to Advisors at low to mid level production but Annual Plans pay out more at high production levels.

Special Incentives. Some firms provide special incentives to encourage Advisors to focus on particular products or align their behavior with the objectives of the institution. Additional incentives to conduct advisory business or to sell life insurance are by far the most popular of these special incentives.

Nearly 30% of the credit unions studied had special incentives to encourage their Advisors to do advisory business. But the prevalence of incentives for advisory business in banks was more than twice as high. The kinds of incentives included bonuses, separate grids, extra payouts, extra commission credit, payout at maximum grid level, and contribution to discretionary goals. The incentives that some banks use to encourage focus on advisory business are quite aggressive, e.g.,

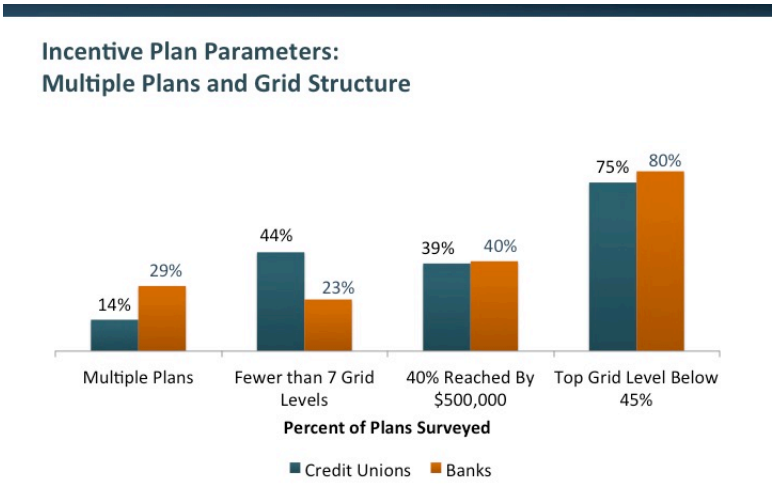
- payment on a separate fee-based grid with payouts in the 40% to 50% range,
- an addition to the grid of a 5%, 7% and even 8% additional payout,
- the advance or increase of the first year's fees to the grid, with 1½ to 2 times the first year's fee credited to the grid, and
- payment of a straight basis point amount to the Advisor of up to 50 basis points on advisory assets.

Only 14% of the credit unions had special incentives for their Advisors to sell life insurance, while these incentives were two and a half times as prevalent in banks. The structure of these incentives are similar to the incentives for advisory business, e.g.,

- payment on a separate insurance grid of 40%, 45% or even 50%,
- an addition to the grid of a 5%, 7% and up to 10% additional payout, and
- cash payments outside the grid at 10% of premiums.

Different Plans for Different Advisors. Some investment services firms in financial institutions have established separate plans for different classifications of Advisors. In addition to an incentive plan for a core Series 7 Advisor working in credit union or bank branches, there might be a separate plan for a Senior Advisor mentoring a Junior or apprentice Advisor as well as for the Junior Advisor, an Advisor who has graduated from relying on referrals to working a book of clients (sometimes called a "second story" Advisor), and a plan for Advisors working as a team. This is more common in large banks where some Advisors have been embedded in Trust, Private Banking, or Wealth Management. That difference shows in our data; banks are twice as likely to have different plans for different Advisors. Finally, some firms have different payout schedules for Advisors with limited opportunity, e.g., a small branch or difficult geography to cover.

Number of Grid Levels. In the early years of investment services in financial institutions, the compensation plans were quite simple, and the payout calculation was often just a flat percentage of the Advisor's production. Over time the number of steps in the Advisor's payout formula grew, as management introduced incentives for an Advisor to stretch to achieve a higher payout. Today the Advisor in a typical credit union has a payout grid with 7 levels, while his or her colleague in a bank has 9 grid levels.



Forty four percent of the credit unions studied have fewer than 7 grid levels, compared to only 23% of banks. So grid levels have proliferated in bank investment services firms.

Achieving a 40% Payout. One way to assess the competitiveness of an Advisor compensation plan is the level of production required to achieve a 40% payout on new business. In this respect, Advisor comp plans in credit unions and banks are quite similar. About four out of ten of the investment services units have a payout of 40% for Advisors who produce $500,000 a year.

Top of the Grid. Another perspective on the competitiveness of an Advisor's incentive plan is the top payout. From this viewpoint, credit union plans are somewhat more lucrative for top producers; 25% of credit union grids top out at 45% or above, compared to 20% of bank investment services firms.

Each of the incentive plans in this study are parsed in substantial detail in a companion study, *KSA Financial Advisor Compensation Plans in Credit Unions: Comparing Plans Institution-by-Institution*.

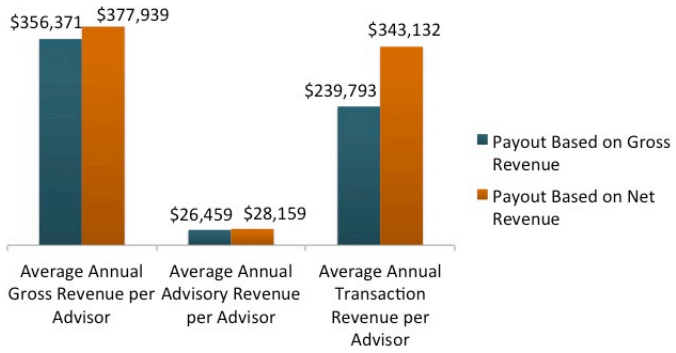
The Effectiveness of Plan Components

There is considerable variation in plan characteristics across the credit unions we studied. Which aspects of these plans are relatively more successful in achieving their objectives? We examined how the key plan components appear to affect:

- Financial Advisor productivity
- penetration of the credit union's opportunity
- the profitability of the credit union's investment services
- the difficulty of recruiting Advisors
- Advisor retention

Gross vs. Net Payout. The average annual gross revenue per Advisor in credit unions that compute payout on net revenue is 6% higher than in institutions that pay on gross revenue. This difference is attributable mostly to the greater transaction revenue per Advisor in the credit unions that pay on net; institutions that pay on gross have slightly lower advisory revenue per Advisor but slightly more trail commissions per advisor (not included in the chart).

Impact of Payout Base on Financial Advisor Productivity

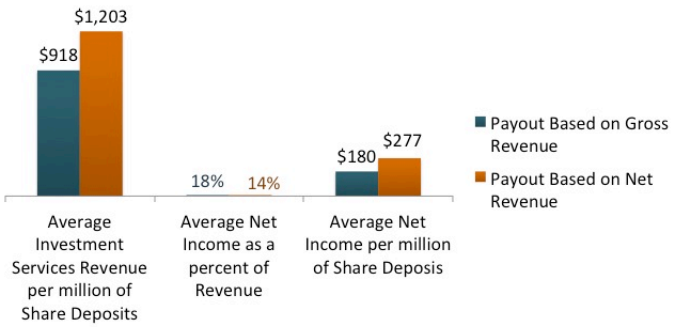


Similarly, the credit unions that base payout on net revenue have greater penetration of their opportunity. Institutions that pay on net have revenue per million of share deposits that is 31% higher than credit unions that pay on gross. But this difference in revenue penetration is largely driven by the difference in Advisor coverage between the two groups. The credit unions that pay on net have 20% more advisors, relative to their deposit base, than the institutions that pay on gross.

The principal reason that firms pay on net instead of gross is to squeeze additional profit margin from their investment services, although a case can be made for not paying the Advisor on revenue not received by the firm. But anomalously, the institutions that pay on gross have net income that is, on average, 18% of revenue, four percentage points (but 30%) higher than institutions that net out the revenue retained by their broker dealer before computing payout.

Only 56% of the credit unions in our benchmarking survey are able to report expenses in sufficient detail for us to confidently compute net income. Among those with net income, the narrower profit margins of CUs that pay on net are not sufficient to offset their higher revenue penetration, so they have net income per million of share deposits that is much higher than institutions that pay on gross. But again, the difference in penetration is primarily due to the much thicker Advisor coverage rate in the credit unions that base Advisor payout on net commissions.

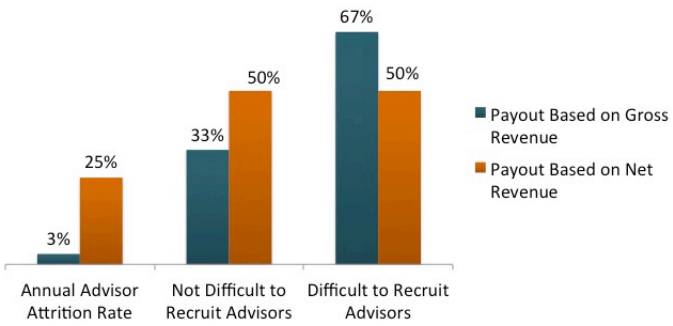
Impact of Payout Base on Overall Penetration of Credit Union's Opportunity



Investment services firms that pay on gross would be expected to be more attractive to Advisors. But two-thirds of the CUs that pay on gross report that hiring Advisors is difficult,

compared to half of credit unions that pay on net. This might be because the difference between gross and net is sometimes obscured in the plan documents. For example, one firm's plan stated that payout was based on gross commission, but elsewhere in the document the plan defined "gross commission" as the revenue it received from the broker dealer. In our reading of the incentive plans, it is a rare firm that emphasizes the fact that it pays on gross, but this is a competitive advantage that should be highlighted.

Impact of Payout Base on Financial Advisor Recruitment and Retention

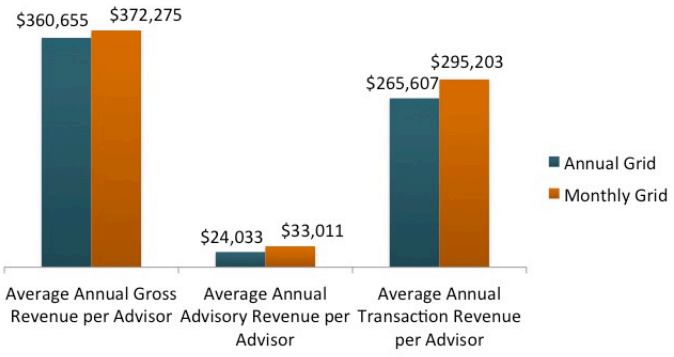


The credit unions that base compensation on net revenue report an annual Advisor attrition rate of 25%, eight times the attrition rate for CUs that pay on gross. So the firms that pay on net might have better recruiting experience but are much more likely to lose their Advisors. Faced with this tradeoff, most firms would choose to keep the Advisors they have.

Annual vs. Monthly Plans. The average annual gross revenue per Advisor in credit unions with Monthly Plans is $372,275, just 3% better than the average productivity of Advisors paid off an annual grid. Advisors with monthly grids produce both more transaction business and more advisory business.

Credit unions with a monthly grid also experience better deposit revenue penetration, and wider profit margins, but again that difference is the result of much better Advisor coverage.

Impact of Lookback Duration on Financial Advisor Productivity



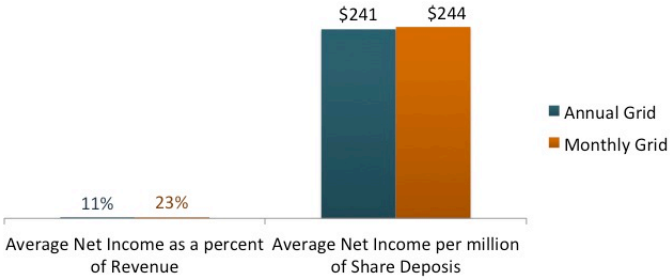
Among the credit unions for which we have computed net income, the profit margin in those with a monthly grid is more than double those with an annual grid. But their revenue penetration of deposits is actually much thinner than the credit unions that use an Annual Plan. Consequently the net income penetration of deposits is essentially the same in credit unions that use either a Monthly Plan or an Annual Plan.

Credit unions with a monthly grid report much less difficulty attracting Advisors but somewhat higher attrition rates. Only one-fourth of the firms with Monthly Plans report difficulty recruiting Advisors, compared to three-fourths of the CUs with Annual Plans.

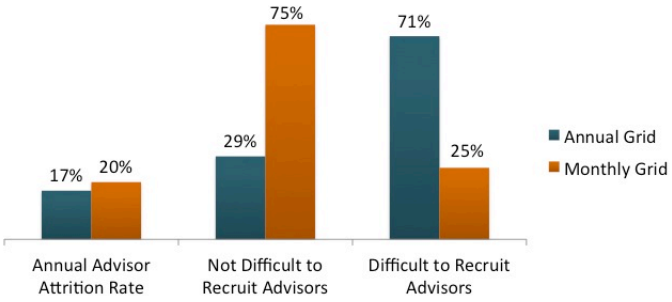
But their annual Advisor attrition rates are 20%, somewhat worse than the experience of firms with an annual grid.

Considering the importance recruiting plays in the success of a firm, the threefold difficulty in recruiting can significantly impact business results. This is especially true in recent years when the net number of Advisors in Financial Institutions has increased modestly. And according to FINRA, the total number of Registered Financial Advisors over the last four years has remained virtually unchanged at 633,000. So with a static workforce, every firm is chasing the same pool of Advisors.

Impact of Lookback Duration on Overall Penetration of Credit Union's Opportunity

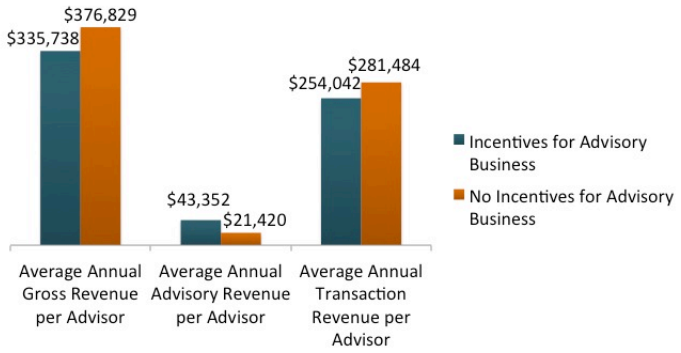


Impact of Lookback Duration on Financial Advisor Recruitment and Retention



Incentives for Advisory Business. For both philosophical and financial reasons, many credit unions want to increase the amount of business their Advisors do in wrap mutual funds, separate managed investment accounts, and other investment products that are fee-based instead of transaction-commission-based. To encourage this, some of their investment services pay special incentives for advisory business. Are these incentives successful?

Impact of Incentives for Advisory Business on Financial Advisor Productivity

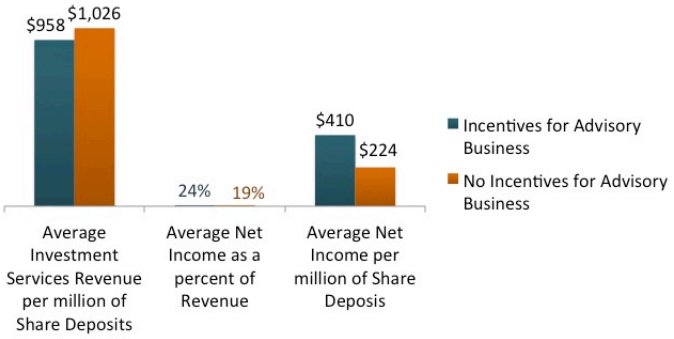


They certainly do drive advisory business. The CUs that provided incentives to do more advisory business had average annual advisory revenue per advisor of $43,352, double the advisory revenue of Advisors in firms without special advisory incentives.

But the additional advisory business comes at a cost of less transaction business. Credit unions that incent Advisors to do more advisory experience 9% less transaction revenue per Advisor. With a reduction in the much larger transaction business, the overall average annual gross revenue of Advisors working with incentives to do advisory business is $335,738, which is 12% less than Advisors not incented to do Advisory business.

So Advisors do respond to incentives to engage with clients about fee-based business, but that can be a drag on their current overall production. Of course, over time the additional advisory business will create a growing asset base with ongoing fees that could overcome the current 12% revenue shortfall.

Impact of Incentives for Advisory Business on Overall Penetration of Credit Union's Opportunity



How does the lower overall productivity translate to the credit union's penetration of its opportunity? The lower overall Advisor productivity in CUs that incent advisory business results in revenue penetration of share deposits that is 7% below firms that do not provide incentives for fee-based business.

But, for the firms with net income data, net income margins are five percentage points higher, and net income penetration of share deposits is much higher. That is part of the allure of

advisory business – it might hurt revenue in the short run but will be much more profitable once Advisors have transitioned a substantial portion of their clients to fee-based products that continue to provide fees year after year.

Credit unions that incent advisory business report less difficulty attracting Advisors. Special incentives for advisory business are attractive to those Advisors who understand that they will be better off in the long run with a substantial amount of advisory assets, but feel that they cannot sacrifice current production to get there.

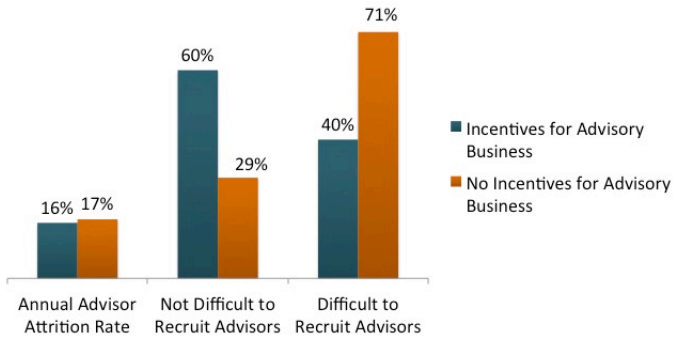
Incenting advisory business appears to have no impact on Advisor attrition.

Incentives for Life Insurance Sales. On the other hand, incenting Advisors to sell life insurance does not appear to be working. Advisors in credit unions that provide special incentives to encourage life insurance sales produce only $6,728 per year in life insurance sales revenue on average, 77% less than Advisors who do not have such incentives.

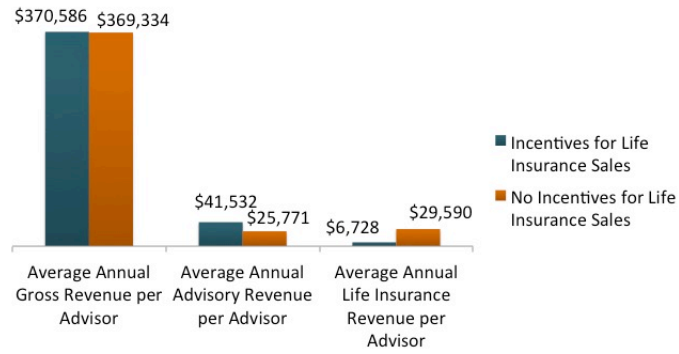
In fact, Advisors in firms that incent their Advisors to sell life insurance do six times as much advisory business as life insurance business. Of course, many credit unions incent both life and advisory business, and all the credit unions in this study that provide special incentives to sell life insurance also do the same for advisory business.

We must also consider how these

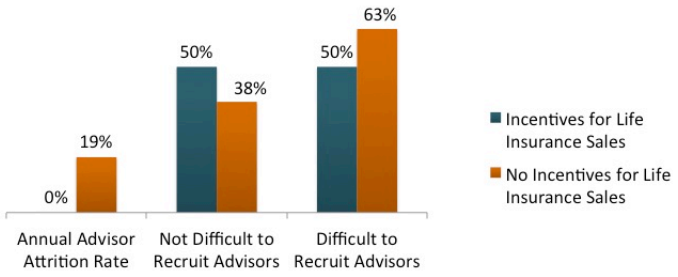
Impact of Incentives for Advisory Business on Financial Advisor Recruitment and Retention



Impact of Incentives for Life Insurance Sales on Financial Advisor Productivity



Impact of Incentives for Life Insurance Sales on Financial Advisor Recruitment and Retention

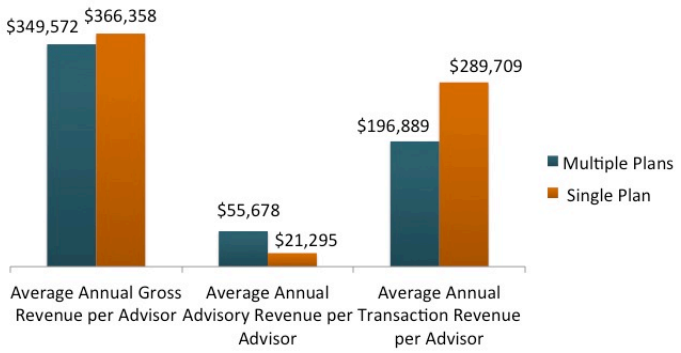


credit unions sell life insurance, in addition to whether or not they offer a special incentive to their Advisors. All of the credit unions in the survey that incent life insurance business sell life insurance exclusively through their Advisors. Many firms that sell life insurance through their Advisors also sell life through some other channel, such as dedicated insurance reps, platform reps or call centers. Advisors in credit unions that sell life insurance through their Advisors and at least one other channel produce $31,237 per year in life insurance sales revenue on average, as compared to just $9,767 for Advisors in firms where they are the only source of life insurance sales. Credit unions with a multi-channel life insurance distribution strategy appear to have created an environment where life insurance is expected to be part of an Advisor's practice.

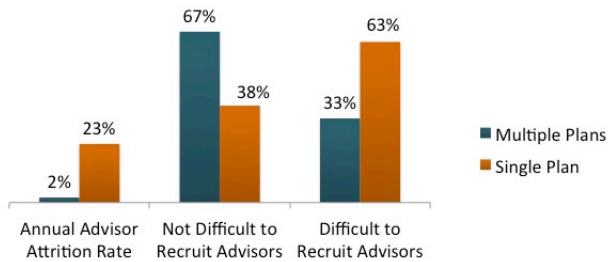
Interestingly, the credit unions that incent life insurance sales have better recruiting and retention experience. They report somewhat less difficulty recruiting Advisors, and had no Advisor attrition.

Separate Plans for Different Advisors. Providing separate incentive plans for core Advisors, senior Advisors, or second story Advisors does not appear to improve overall productivity, although the credit unions with multiple FA comp plans produce substantially more Advisory business and less transaction business. Senior-Junior Broker teams generally have an incentive plan that differs from the plan for Core FAs, so firms with multiple plans tend to have higher revenue penetration because Junior Brokers increase the Advisor coverage ratio.

Impact of Targeted Plans on Financial Advisor Productivity



Impact of Targeted Plans on Financial Advisor Recruitment and Retention



On the other hand, creating special comp plans for different kinds of Advisors appears to help with recruiting and retention. Credit unions with segmented compensation strategies report much less difficulty in recruiting, and very much lower attrition. Creating multiple plans targeted to different classes of Advisors is one of the few levers to help both recruiting and retention.

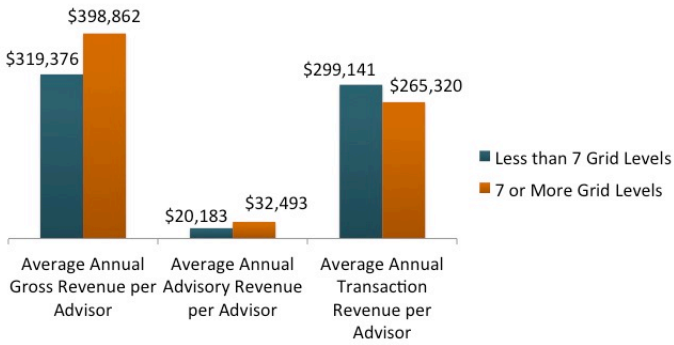
A special compensation plan for

Advisors who are graduating from receiving referrals to focus on mining their client base can be designed to make that transition more attractive to the Advisor.

Number of Grid Levels. A major reason for increasing the number of grid levels is to encourage Advisors to work harder to get to the next payout level. If there are more grid levels, less additional production is required to get to the next level. With few grid levels, the next threshold might seem to be too high to attain.

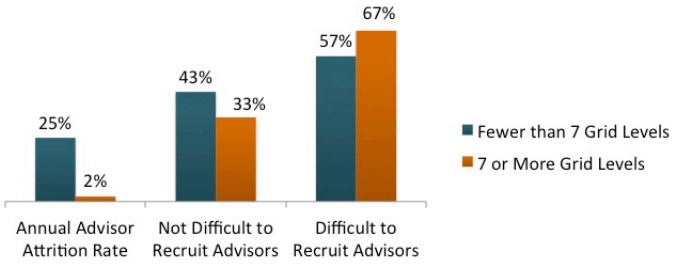
The data show that the credit unions with relatively more grid levels do have substantially higher average FA productivity. The average annual gross in firms with 7 or more grid levels is $398,862, which is 21% higher than Advisor productivity in credit unions with less than 7 grid levels. Moreover, Advisors in firms with many grid levels produce 50% more advisory business. Adding grid levels is a low cost method of driving productivity gains.

Impact of Number of Grid Levels on Financial Advisor Productivity



Credit unions with many grid levels report somewhat more difficulty recruiting Advisors, perhaps because their comp plans look more complex. But once the Advisors are with the firm, the comp plan is clearly not driving them away. Annual attrition in the firms with 7 or more grid levels is only 2%, a small fraction of the retention experience in other credit unions.

Impact of Number of Grid Levels on Financial Advisor Recruitment and Retention



40% Payout Threshold. Advisors in credit unions with 40% payouts below or at $500,000 in annual production have average annual gross revenue of $388,424, an 11% advantage over their colleagues in CUs where production has to exceed half a million to obtain a 40% payout. So making the 40% threshold attainable for many Advisors appears to achieve its objective.

There is no appreciable difference in advisory business produced based on the placement of the 40% threshold.

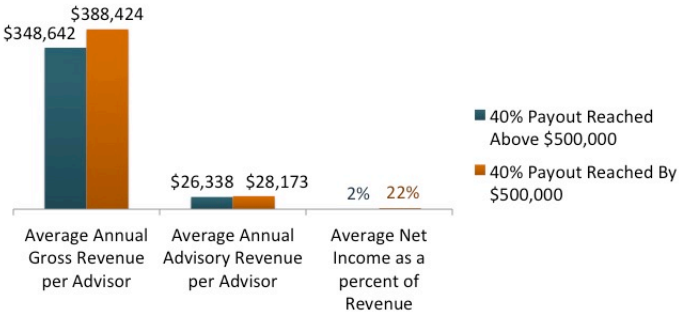
Even though a lower threshold for reaching 40% is more generous to the Advisor, it does not appear to impact profitability negatively. Net income as a percent of revenue in the CUs with a lower 40% threshold is 22%, eleven times the profit margin in firms with a higher 40% threshold.

Credit unions with the lower threshold for a 40% payout report somewhat less difficulty in recruiting Advisors, but substantially higher attrition.

Top of the Grid. Some firms tout their relatively high payout at top levels of production in trying to recruit top producers. But the credit unions with a top payout of less than 45% have Advisor productivity that is almost 5% higher than the firms with payouts that reach 45% or higher.

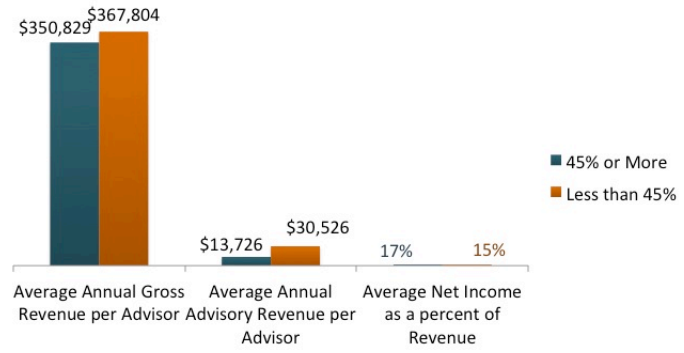
Curiously, Advisors in the CUs with the lower top payouts produce more than twice the advisory business. But that might be due to the advisory incentives those firms provide; 28% of the firms with lower top payouts have

Impact of 40% Payout Threshold on Advisor Productivity and Profitability



Impact of 40% Payout Threshold on Financial Advisor Recruitment and Retention

Impact of Top Grid Level on Financial Advisor Productivity



advisory incentives, versus just 14% of firms with higher top payouts.

Or Advisors who have adapted a fee-based business model might not be attracted to a firm with a high payout, because they realize that it is not attainable for them in the short term.

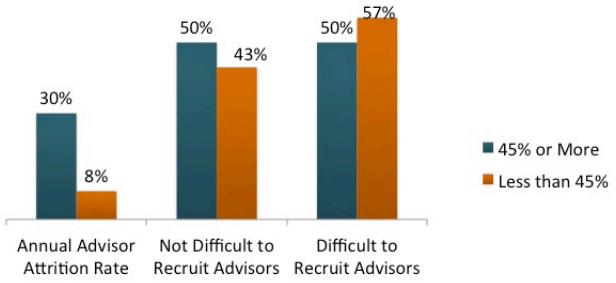
Providing a high payout for very top producers does not adversely impact profitability. The credit unions with a top payout of 45% or more have net income margins of 17% of investment services revenue, slightly higher than the firms that have a lower ceiling on their grids. Of course, few of the Advisors reach the threshold for 45%, and if they do, their outsize production absorbs more of the firm's overhead, contributing to higher net income.

A high top of the grid does not provide a significant recruiting advantage. The firms that top out at 45% or higher report only slightly less difficulty in recruiting Advisors.

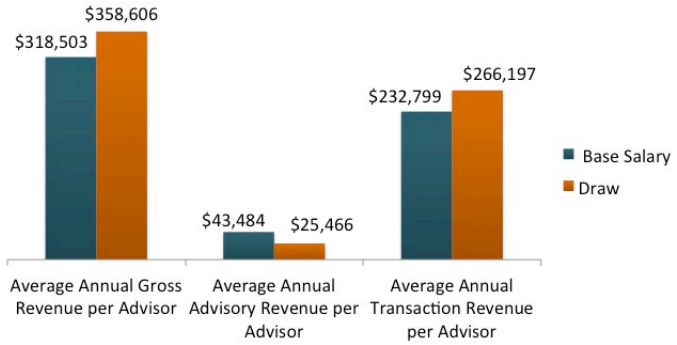
They do have substantially higher Advisor attrition rates, perhaps because they tend to attract Advisors who expect to become top producers, but do not succeed at that level.

Base Salary. Advisors in credit unions that pay a base salary to their Advisors have average annual gross production that is 11% below the average productivity of their peers in firms that provide a recoverable draw. But the composition of the business produced is quite different. Advisors in the firms that provide a guaranteed salary produce 71% more advisory

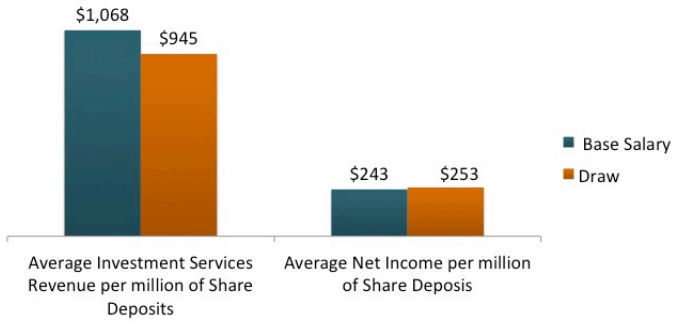
Impact of Top of Grid on Financial Advisor Recruitment and Retention



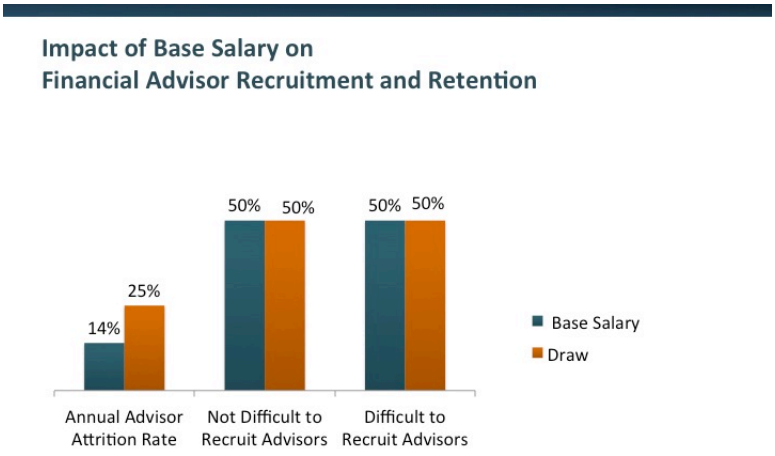
Impact of Base Salary on Financial Advisor Productivity



Impact of Base Salary on Overall Penetration of Credit Union's Opportunity



business, and do 59% less transaction business. The guaranteed base might encourage Advisors to spend the time with clients to educate them about the benefits of the fee-based model, and ease the transition to doing more advisory business.



Whether or not a firm pays a base salary appears to have little impact on its revenue penetration of its opportunity or the net income from that revenue. Credit unions that provide a draw or a base salary produce about $1,000 in gross investment services revenue per million of share deposits, and net income deposit penetration of $250 per million.

Nor does paying a draw or base salary appear to impact the difficulty of recruiting. The firms with a base salary do experience significantly lower attrition rates, as the guaranteed income provides a cushion for the Advisor going through a rough patch.

Since the guaranteed salary appears to encourage advisory business and reduce attrition, and does not hurt recruiting or overall penetration of the CU's opportunity, it seems clear cut that credit unions could reduce litigation and financial risk by putting their Advisors on guaranteed base salaries of $24,000 to $36,000 that comply with most states' wage and hour laws. Many firms never enforce the claw back of their forgivable draws anyway, so they are already paying a salary without the safe harbor of calling it that.

Summary: Designing An Effective Advisor Compensation Plan

Our analysis of Financial Advisor compensation in credit unions described the ways that Advisors are incented, and how the structure of compensation plans is related to the performance of the investment services business. Our findings suggest that designing an effective compensation plan should be based on the priorities of the institution:

- If you want to encourage high overall ***Advisor productivity***, you should design a plan with many grid levels, with a 40% payout reached by $500,000 in annual production, and with a draw instead of a base salary.
- If your plan is focused on ***recruiting Advisors***, an annual look-back grid and incentives to produce advisory business appear to be attractive to prospective recruits.
- If you are looking to ***retain*** the ***Advisors*** you have, your comp strategy might be to pay on gross commissions, have many grid levels and reach 40% payout by $500,000, and have separate plans for different kinds of Advisors.
- If your objective is to generate the most revenue relative to the size of your opportunity, paying on net might help, but better Advisor coverage is the best way to ***increase revenue penetration***. Junior Brokers also help drive greater revenue penetration, because they improve Advisor coverage. Creating separate compensation plans for teams of senior and junior brokers provides incentives for core FAs to take on an apprentice.
- If your bogey is the expense ratio or profit margin, the monthly grid and a 40% payout by $500,000 are associated with ***net income contribution***. There are, of course, many other factors that impact profits, but it appears that paying on net is not one of them.
- If you want to do more ***advisory business***, providing additional incentives to Advisors to focus on that opportunity is a must have.
- Providing special incentives for ***life insurance sales*** does not appear to move that needle.
- If ***risk management*** is important to you, converting to a guaranteed base salary instead of a draw will protect you from the increasing regulatory and litigation risk, and save you from the awkwardness of paying your Advisors overtime compensation.

Not surprisingly, the ideal compensation plan for one objective might not be ideal for other objectives. We hope our analysis helps you balance your objectives to create an Advisor compensation plan that is effective for you.

About The Authors

KENNETH KEHRER, PHD

Dr. Kehrer, a Principal of Kehrer Saltzman, has been studying the transformation of credit unions and banks to financial services stores since the early 1980s. His research has influenced the metrics that a generation of industry practitioners now uses to assess their businesses and assimilate best industry practices. He also pioneered the concept of forming bank roundtable discussion groups that bring together professionals with similar job responsibilities to share experiences and react to the latest research. The work that Dr.Kehrer formerly did through Kehrer-LIMRA is now part of the foundation of Kehrer Saltzman & Associates, where he is a principal.

Dr. Kehrer has also consulted for over 100 banks and credit unions and one hundred product and service providers - insurers, investment companies, securities firms, technology providers, management consultants, and marketing organizations - on the development of strategies for distribution through financial institutions. In 2004 he received the Lifetime Achievement Award from the Bank Insurance and Securities Association for his contribution to the industry.

PETER BIELAN

Peter Bielan has been an active participant in the financial institution investment services industry since 1985. His roles have encompassed Advisor, Sales Manager and President of the Retail Broker/Dealer for two of the 15 largest US Banks. As a Principal of Kehrer Saltzman & Associates, Bielan's focus is on growing investment, wealth management and insurance business within banks and credit unions. He manages the firm’s compensation consulting practice, and conducts complete business reviews as well as consulting on recruiting, technology and operations, and the transformation to an advice model.

Throughout his career he has strategically focused on profitably growing sales, developing the infrastructure needed for expansion, and leveraging the partnership between investment services and the other departments within the financial institutions. In recent years he has personally championed the transformation to fee based business, established non-branch based Advisors, incorporated insurance offerings, expanded licensed platform programs and developed Advisor recruiting programs. Bielan has also performed leadership roles in the retail bank, providing a first hand understanding of the central role of deposits and loans in the business.

TIM KEHRER

Mr. Kehrer, Senior Research Analyst for Kehrer Saltzman, contributes his extensive experience in the interpretation of survey data to Kehrer Saltzman & Associates' robust research operation. He has held a career in political management that included stints on three winning campaigns for the U.S. Senate including managing the largest research department of any Senate campaign in the country. Prior to that, Mr. Kehrer worked for the independent expenditure arm of a national party committee where he studied public opinion surveys and focus group research

from across the country as part of the production and deployment of television and radio advertisements.

At Kehrer Saltzman, he directs the annual benchmarking surveys of investment services in credit unions, the firm's financial institutions broker dealer surveys, and the annual TPM Survey. He is co-author of *The Opportunity for Credit Unions in Investment and Life Insurance Services* (also sponsored by CBSI) and a study of financial planning in credit unions and banks.

Kehrer Saltzman & Associates

Kehrer Saltzman & Associates is a strategic management consulting firm that provides the financial advice industry with insights based on a melding of thoughtful institutional and consumer research, and deep experience in managing the delivery of investment, insurance, and wealth management services.

We work with banks, credit unions, broker-dealers, insurance companies and related financial services companies to provide services including market research, product and business development, consulting and industry discussion groups.

Please visit us at www.KehrerSaltzman.com or email info@kehrersaltzman.com for more information.

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Kehrer Saltzman & Associates
9218 Skipaway Drive
Waxhaw, NC 28173 USA
Phone: 704.243.4512
Fax: 704.243.4513
Email: info@kehrersaltzman.com

About CUNA Brokerage Services

Established in 1985, CUNA Brokerage Services (CBSI) is the leading broker dealer serving credit unions and their members. CBSI has a single mission: To support credit unions in helping their members reach a more secure financial position.

Vital statistics:

- 250 credit union partners
- 500 financial Advisors and registered member service representatives
- 390,000 customer accounts
- $15.6 billion in assets under administration

The Value that CBSI Brings:

- A broker dealer 100% dedicated to serving credit unions and their members.
- A seamless and integrated technology platform that enhances the Advisor's interaction with credit union members. Electronic signature and imaging capabilities that support a paperless office environment.
- Training resources that not only help Advisors be more productive, but that support credit union staff members in understanding and advocating for the program leading more members to take advantage of this valuable service. An educated credit union staff leads to higher levels of member retention.
- Vast marketing resources that help credit unions build, execute and support programs that help in identifying and targeting members most likely to be interested in the credit union's investment and insurance program.
- A support structure that includes sales managers and support representatives that work with credit unions to help them refine and grow their programs, and that resolve issues in a prompt and accurate manner.
- Advisor and credit union executive advisory panels that represent their respective peers and assure their collective voices and sentiments are heard with CBSI executive leadership.
- Executive leadership that encourages CBSI programs to call with opinions, issues or accolades.
- Flexible operating models that allow credit unions to structure their investment and insurance program in a manner that best fits the credit union.

CUNA Brokerage Services is truly a unique organization. To learn more about CBSI, call 1.800.365.2644 or visit us at www.cunamutual.com/CBSI

CUNA Brokerage Services, Inc.

Appendix: Participating Credit Unions

Addison Avenue Investment Services
Affinity Investment Services
Alliant Credit Union
Arizona State Credit Union
Citizens Equity First Credit Union
Clearview Federal Credit Union
Collins Community Credit Union
Elevations Credit Union
Eli Lilly Federal Credit Union
ESL federal Credit Union
Fibre Federal Credit Union
FirstLight Federal Credit Union
Golden 1 Credit Union
Lake Trust Credit Union
Langley Federal Credit Union
Merck Employees FCU
Navy Federal Financial Group
Orange County's Credit Union
Partners Federal Credit Union
Patelco Credit Union
Premier America Credit Union
Red Canoe Credit Union
RTN Federal Credit Union
Sandia Labs
Space Coast Credit Union
Summit Credit Union
Teachers Credit Union
Texas Dow Employees Credit Union
United Nations Federal Credit Union
Veridian Credit Union
VyStar Credit Union
Washington State Employees Credit Union
Wescom Financial Services
Xceed Financial Services