



d. hilton associates inc.

retention and retirement



Six Specialties, One Focus...

Your Credit Union

From the moment D. Hilton Associates Inc. (DHA) opened its doors in 1985, its mission was defined: It would help credit unions to meet the challenges of a rapidly changing financial services marketplace. As a result, even in its earliest days, the firm provided a variety of services to clients.

DHA continues to pursue this mission today. Over the years, as the company has grown and expanded, its work has been aligned into six practice areas:

Human Resources

Management Recruiting

Retention and Retirement

Market Research

Marketing and Advertising

Mergers

In addition, DHA continues to diversify and expand its offerings with additional projects outside of these areas that utilize cross-functional teams or the special abilities of one or more staff members.

The Retention and Retirement Practice

Recent research conducted by DHA shows that the average CEO of a credit union with assets of \$50 million or more is 52 to 57 years old and expects to retire by age 63. With Baby Boomers in control of many credit union executive suites, massive changes loom for the industry. Veteran industry executives are concerned about securing a retirement lifestyle to match their current standard of living, while talented young executives look forward to intense competition for their time and talents in the not-too-distant future.

DHA can custom design a benefit package for your credit union to maximize the value your organization gets for its investment. Whether you need to attract top candidates for existing or anticipated vacancies, or want to hold key executive staff members, we can help you develop a package that will meet your needs. We understand that even though all credit unions are similar, each operation is different and must contend with a unique set of circumstances. That's why we don't offer a "one size fits all" approach to retention and retirement programs.

When you select DHA as your partner in the development of an executive retention or retirement plan, we approach it as a custom project and design a program geared to meet your organization's needs and budgetary constraints. As a result, we can assist you equally well whether your concern is rewarding a long-time executive who is preparing for retirement, or providing "golden handcuffs" for a dynamic young CEO or other key members of your senior executive staff.

Retention and Retirement Products

Retention and Retirement Plan Design and Evaluation

Whether to provide a retirement nest egg or as an incentive to remain with the organization, deferred compensation arrangements can be structured to meet a variety of credit union goals. Highly compensated executives may find it desirable to place some current income at risk with the understanding that their funds will become available at a set point in time, perhaps following retirement when the executive's income would logically be expected to place him or her in a lower tax bracket. Such arrangements can also transform executive bonus plans into retention plans by requiring recipients to remain in the credit union's employ for a set period of time in order to benefit fully from the arrangement.

Performance and Incentive Plans

Incentive or bonus plans are often an important element of the total rewards strategy. Variable pay programs are designed to recognize and reward employees for their contributions to the credit union's success. They can be a critical element in the continuing motivation of high performing employees and executives, as well as a retention tool for these key personnel. DHA designs variable pay programs that match the credit union's goals and which help ensure its compensation plan rewards behaviors that match its performance objectives.

Supplemental Executive Retirement Plans (SERPs)

A SERP is an agreement between the credit union and selected executives to provide retirement income in return for the attainment of agreed-upon objectives. Because funds placed into a SERP carry "substantial risk of forfeiture," they are not a taxable benefit to the executive until funds from the plan are actually distributed. SERPs can be structured in a variety of ways, and when implemented properly, can provide benefits to both the credit union and the executive.

Among the advantages of SERPs for credit unions are:

- Improved retention as a result of rewarding executives retained for a set number of years or until retirement.
- Increased ability for the credit union to follow its succession plan in a timely manner as executives have adequate funds to retire at appropriate ages.
- Increased ability to attract and retain top talent.
- Increased ability to reward key executives and foster their productivity (this is a non-qualified plan type and can be offered to selected executives for whom the credit union wishes to make it available).
- More clearly defined plan costs and liabilities than in self-funded arrangements.
- The ability to select funding products that guarantee the credit union's principal and/or return on investment, and to structure the plan to allow recovery of the credit union's costs prior to payout.

d. hilton associates' Promise to You

We set the industry standard. Since 1985, D. Hilton Associates has been launching new initiatives and pioneering processes for the credit union industry.

We are independent. We do not maintain an ownership position in any company that provides products and services to the credit union industry.

We work exclusively with credit unions. Rather than splitting our focus, we keep it strictly on one industry. We devote full energy to providing our credit union clients with specialized expertise tailored to the demands of the industry.

We offer a full-time, in-house staff. DHA's professional staff members have outstanding credentials and experience in their areas of expertise, and they devote their entire workday to client projects.

We value our client relationships. Our goal is long-lasting partnerships with our clients. We know credit unions are in business to provide service to members and we respect our clients' need to make this their priority.

We conduct the project for a fixed fee. Our prices are set on a flat-fee basis that reflects the complexity, timeframes and scope of the project. Our clients always know the scope and price of the project before we begin.

We are the most qualified firm in the business.

No other firm—and certainly no individual—working with credit unions today offers the breadth and depth of services D. Hilton Associates provides.



d. hilton associates inc.

human resources

management recruiting

retention and retirement

market research

marketing and advertising

mergers

9450 grogan's mill road, suite 200
the woodlands, texas 77380

toll free: 800.367.0433
fax: 281.292.8893

www.dhilton.com