

Fresh Findings

2025 Governance & Compensation Best Practices Survey Highlights



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Survey Snapshot

Longitudinal Study (first established in 2014)

2025's Study has 214 Participants

It's a 3-Parter (we sent in waves)

- Part 1: Board Education
- Part 2: Board Compensation & Demographics
- Part 3: Succession, Recruitment, & Strategic Planning

Top Five Governance Concerns

CEO Succession

Board Diversity

Board Accountability

Board Succession

Staying Strategic

Board Education

Best Practices and Trends

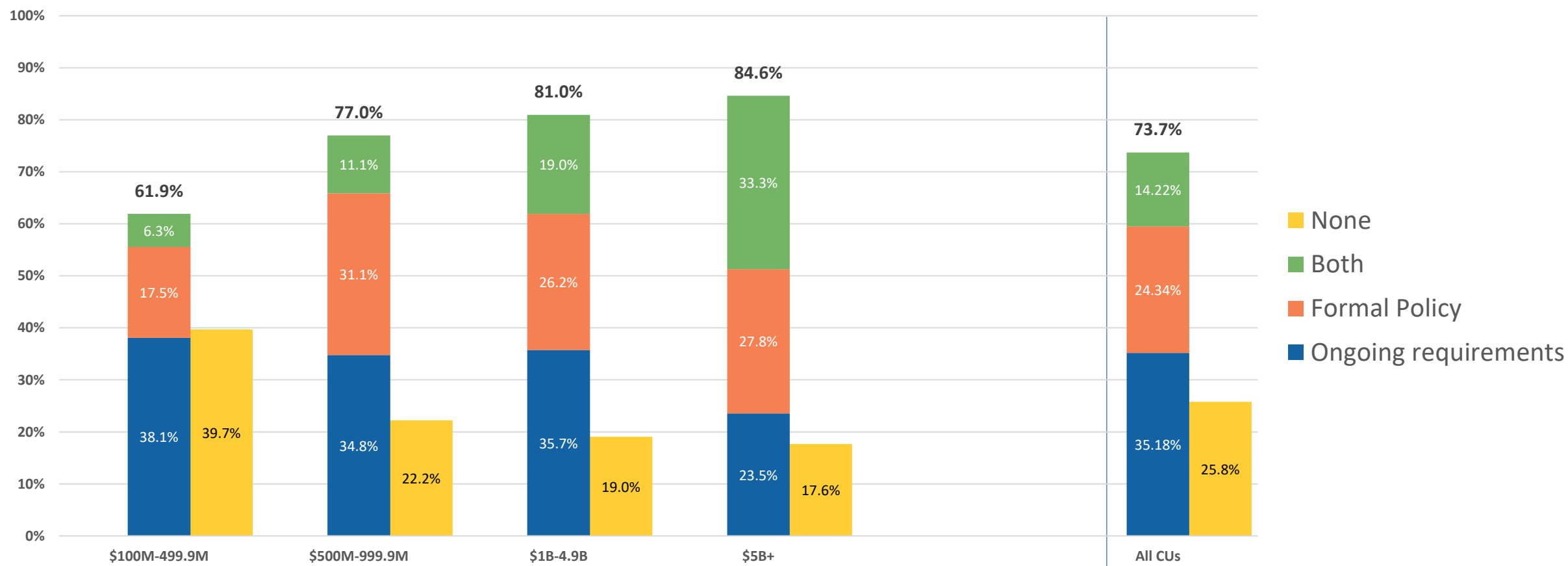


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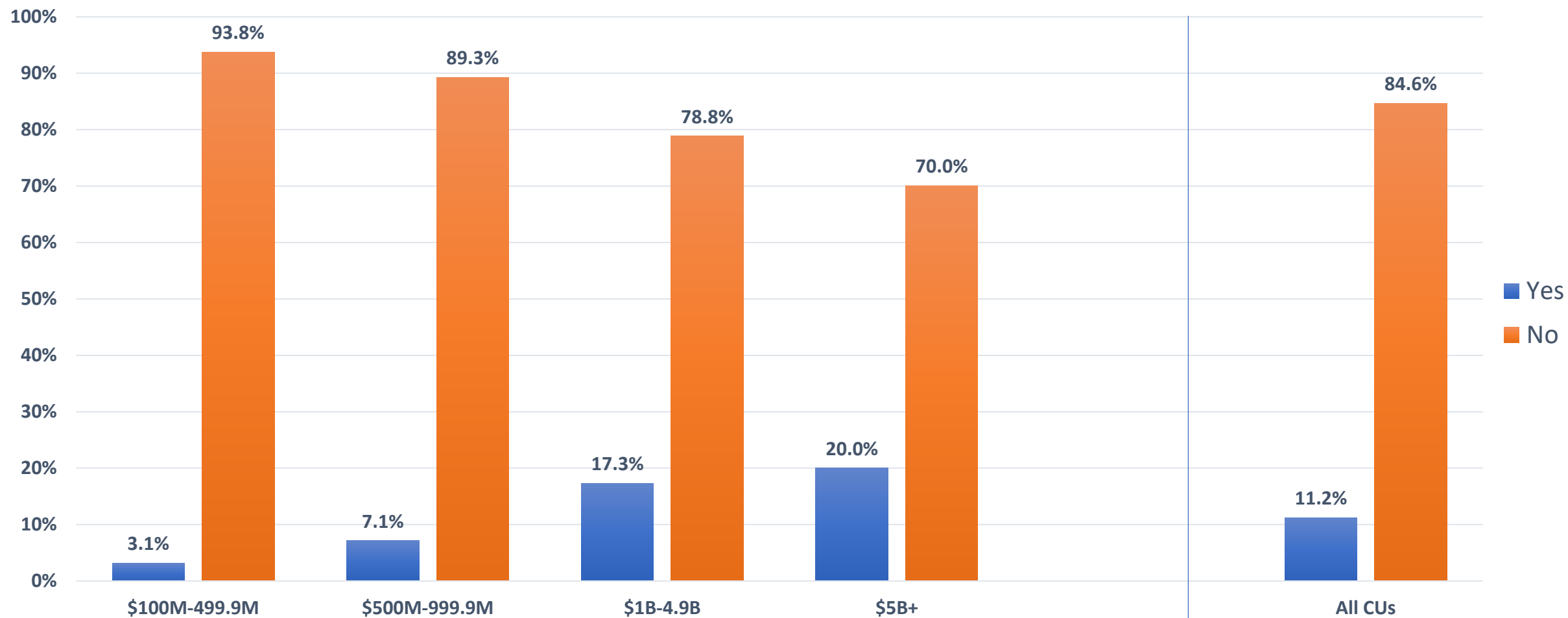
Larger credit unions tend to require formal/ongoing education requirements for Directors

Credit Unions by Asset Size

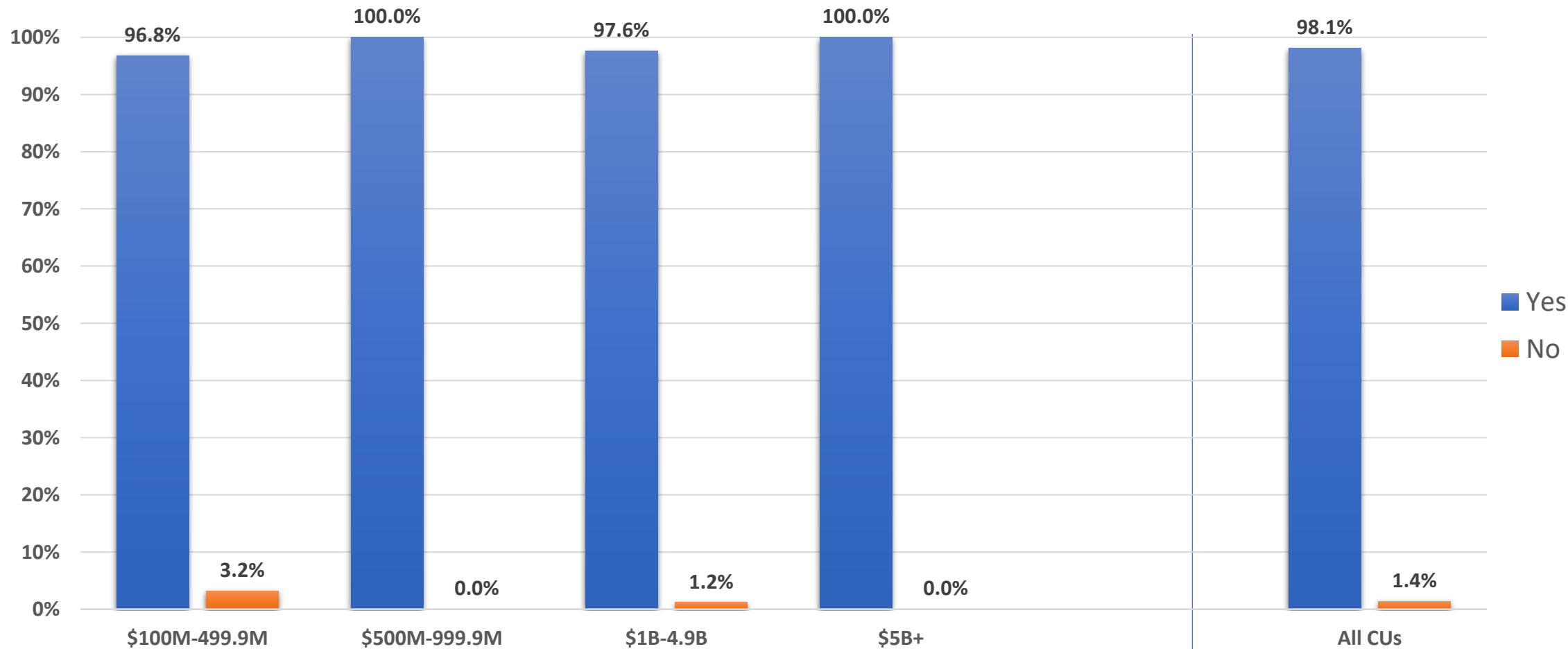
All Credit Unions



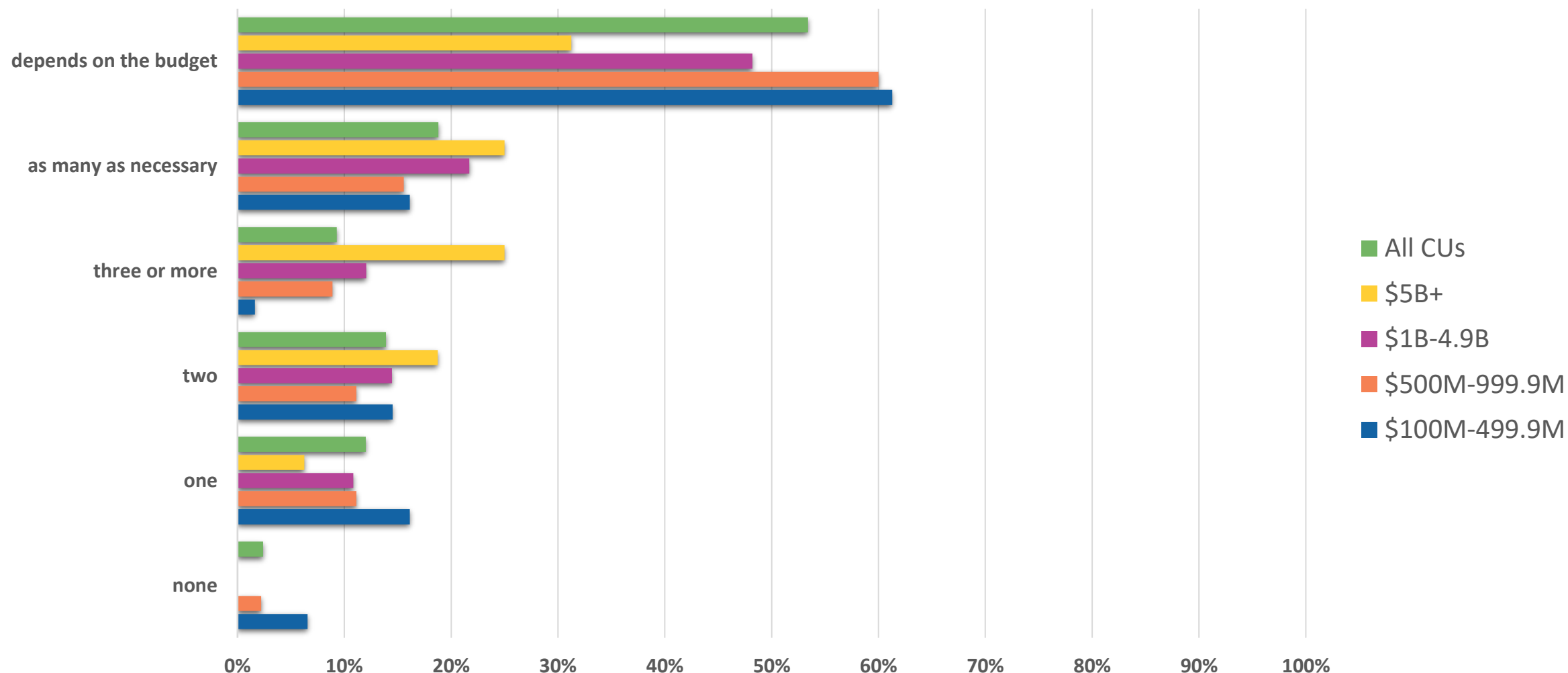
Mandated certifications are still not prevalent among all credit unions



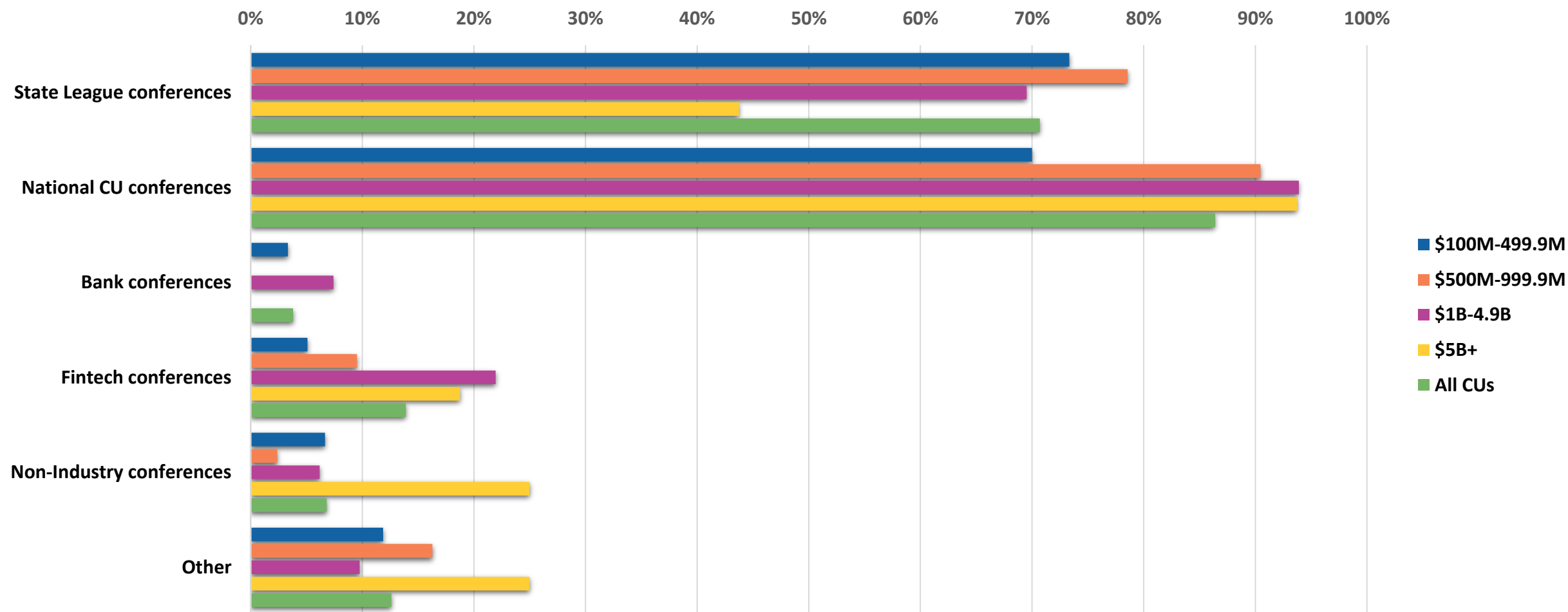
Industry conferences remain the leading choice for Directors seeking professional development



Policy establishes an annual conference limit for Directors



It's time to expand horizons by looking outside the credit union industry



Most popular conferences

WEBINAR

The Emerging Merger Landscape

(May 2025)



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The Emerging Merger Landscape 2025

CATEGORY: STRATEGIC SERVICES

WEBINAR

2024 Bonus Season Recap

(Based on D. Hilton's Variable Pay Practices Data)



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2024 Bonus Season Recap (Based on D. Hilton's Variable Pay Practices Data)

CATEGORY: COMPENSATION SERVICES

Masterclass 6

Government Data may not have the insights you were looking for



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Masterclass 6 | Government Data may not have the insights you were looking for

CATEGORY: STRATEGIC SERVICES

Masterclass 5

Wage Inflation and Price Inflation are completely misunderstood in compensation planning



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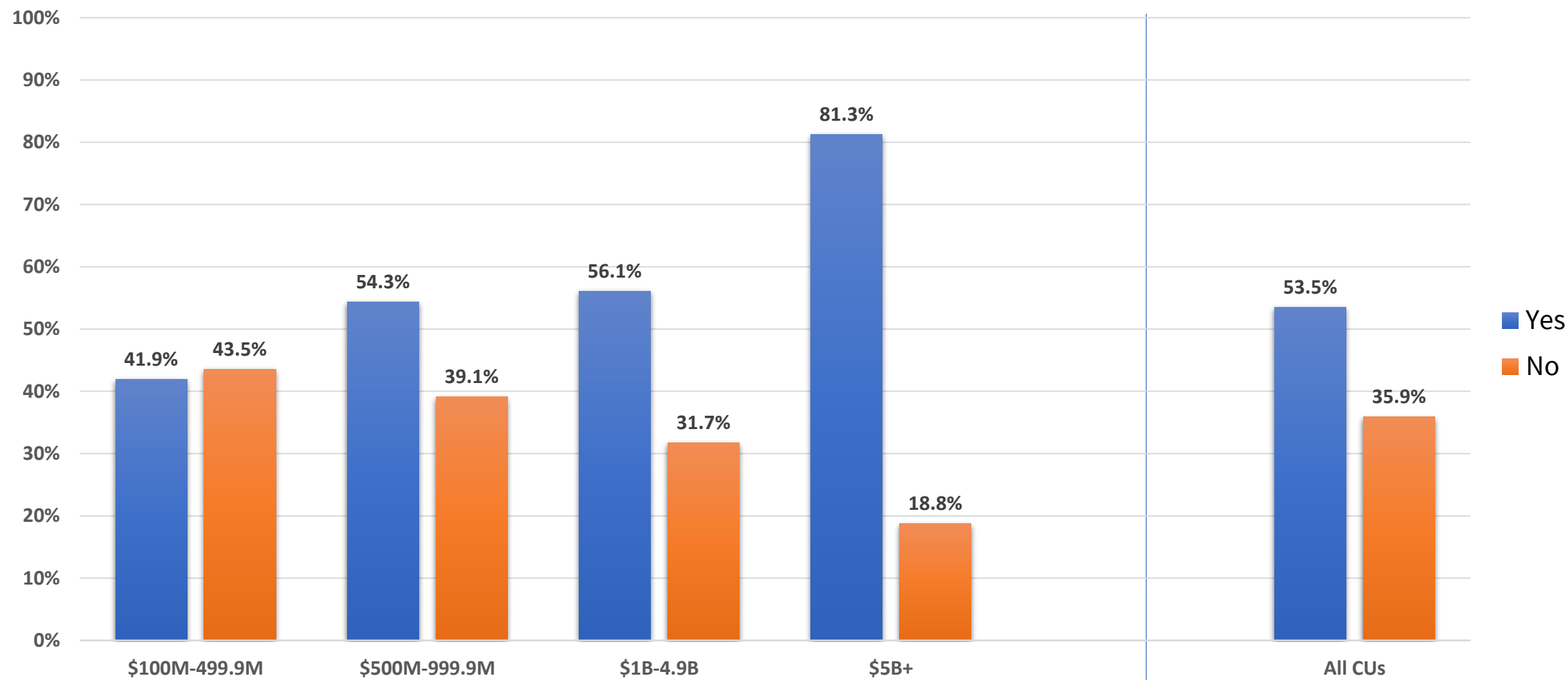
Masterclass 5 | Wage Inflation and Price Inflation are Completely Misunderstood in Compensation Planning

CATEGORY: COMPENSATION SERVICES

Consider more variety to address Adult Learning Styles and time commitments.

- Provider Concentration
- Niche Conferences are available
- State options still tend to be favored
- Budget is always a consideration
- Education-focused content over destination-driven events (hooley)

International Conferences tend to be a greater option for larger credit unions

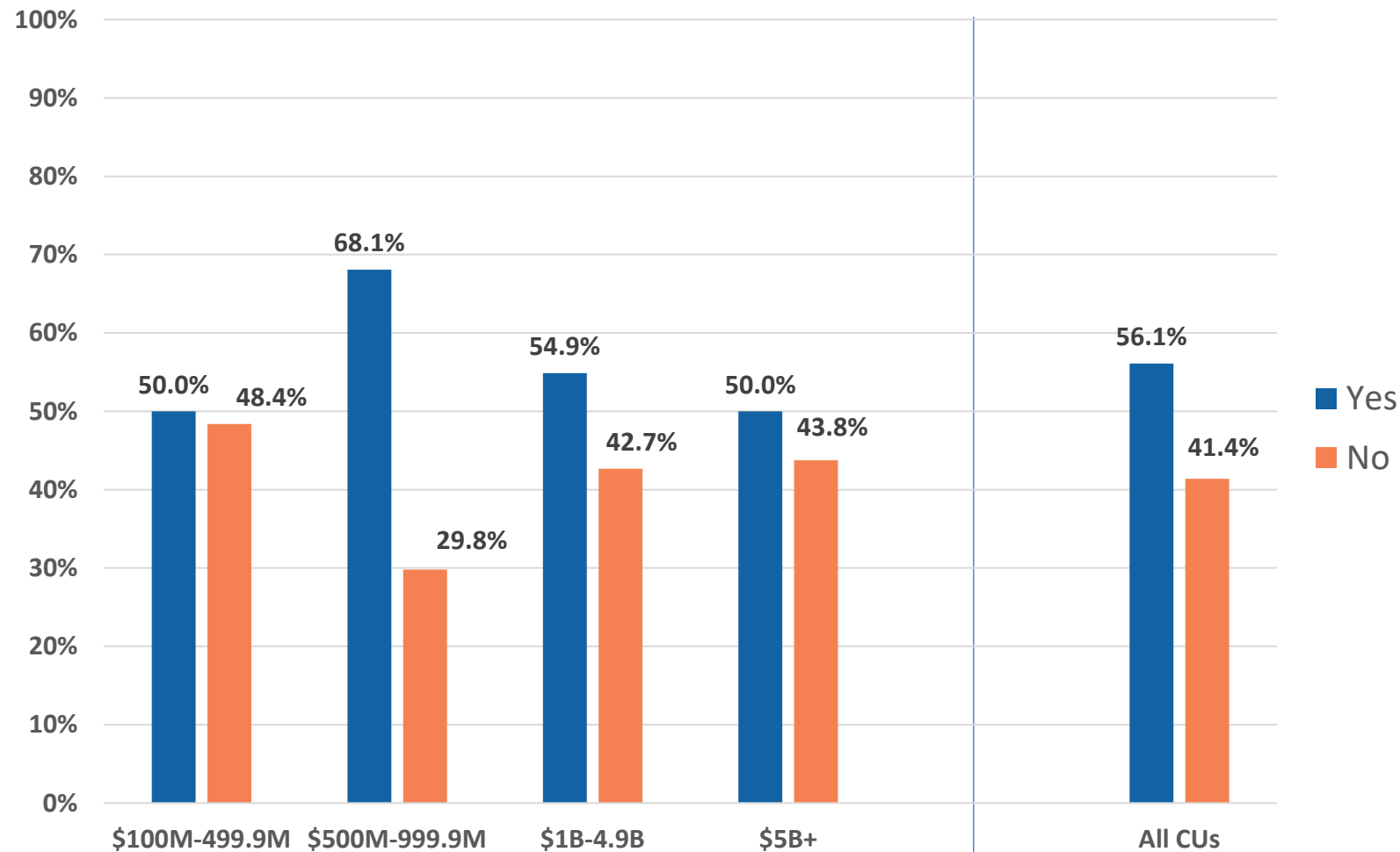


Volunteer Education trends extend past the Board Room

- 75% Supervisory Committee Members
- 45% Associate/Advisory Directors
- 26% Emeritus Directors

Consider Onboarding
Education requirements
for all Volunteers

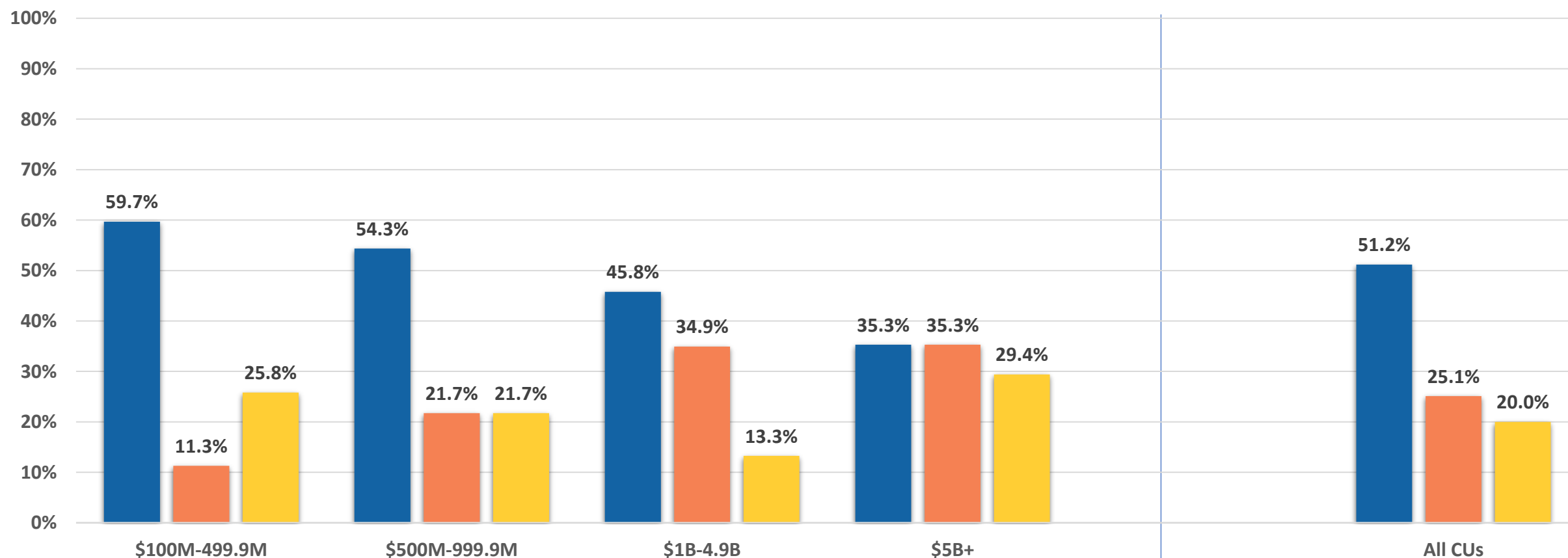
High Performers require Directors to deliver a post-conference presentation



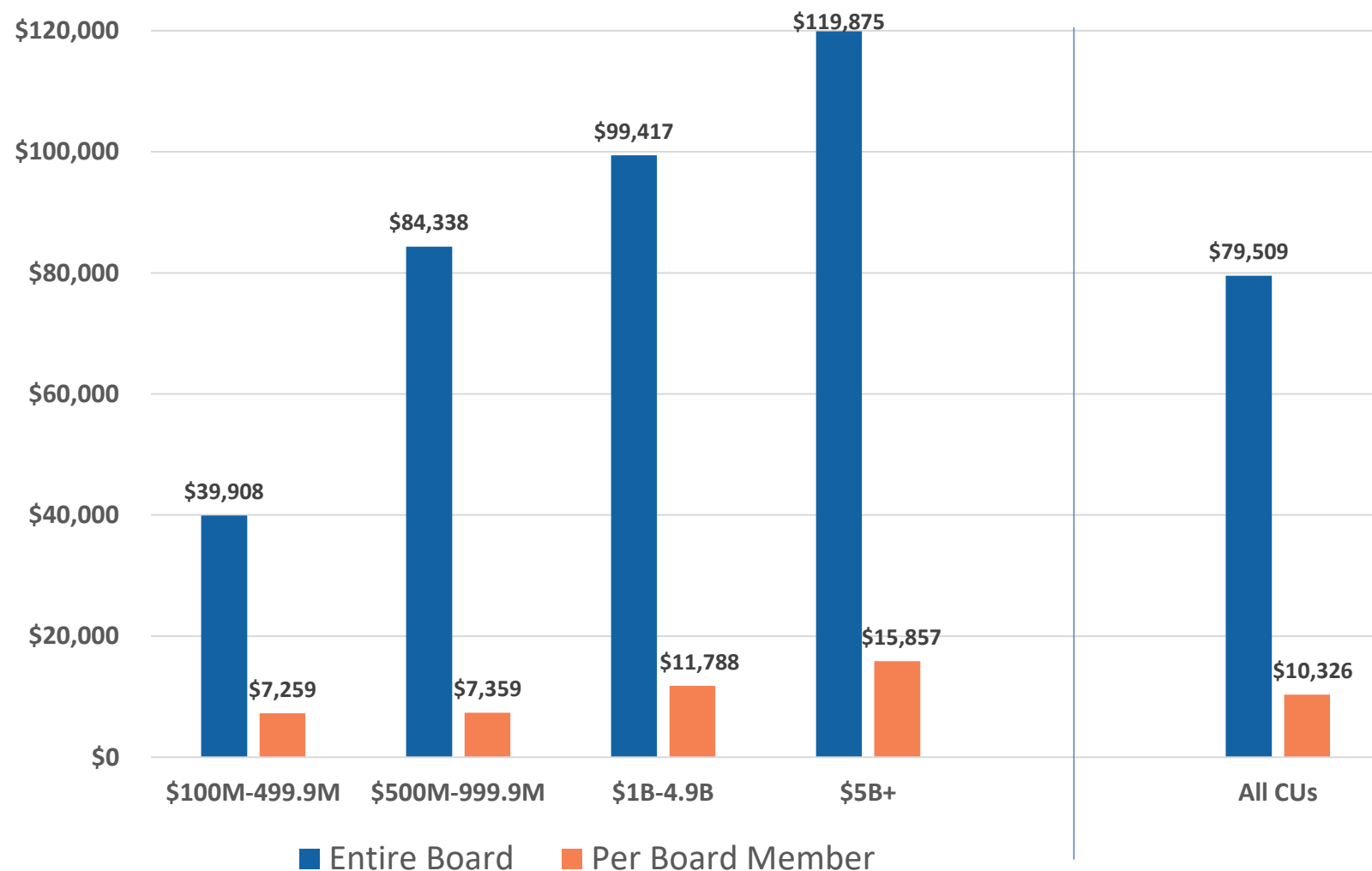
Yet only 56% of Credit Unions require it

Current Board budget allocation for education/conferences

■ Yes, the budget is for the entire Board. ■ Yes, the budget is per Board member. ■ No, there is no set budget for conferences.



Larger credit unions budget more for Conferences



Conference budgets rise sharply with asset size: smaller credit unions allocate about \$40K for the board, while the largest exceed \$119K, and per-member budgets grow from \$7K to nearly \$16K.

Education budgets are typically set annually and haven't really expanded since COVID.

Volunteer Education Trends

- 84% of Officers do not get additional resources.
- 1 out of 3 issue Director credit cards for expenses.
- 61% offer admin support for travel arrangements.
- 86% allow spouses/SO's/family members to accompany Directors (81% governed by policy).
- 82% of credit unions pay for family travel.
- <5% permit first-class travel.
- Most credit unions pay for registration, car, hotel, meals and tips – not as much for alcohol and entertainment.

7% of Credit Unions issue a 1099 to Directors.

36% of Credit Unions issue a 1099 for family travel.

9% of participants were unsure?

91% do not gross up these amounts

**Nearly 4 in 10 directors feel that
continuing education provides only
modest value.**

Education Key Themes

- **Low Engagement:** Many Boards rarely attend conferences despite encouragement; participation is voluntary in most cases.
- **Budget Reflects Interest:** Budgets are modest or reduced due to low attendance, though flexible if demand increases.
- **Shift Toward Structured Development:** Some credit unions are defining individual director plans and working to change Board culture around education.
- **Content & Format Concerns:** Desire for more education-focused conferences and updated topics (AI, digital currency) versus destination-driven events.

Take-Aways

If it's good for the members....


**2 NEW DIRECTOR
NOMINEES IN 2021**


**8 INDEPENDENT
DIRECTORS AND
DIRECTOR NOMINEES**




33.3%
FEMALE
DIRECTORS AND
DIRECTOR NOMINEES


6.2 YEARS
AVERAGE TENURE
FOR CONTINUING
INDEPENDENT
DIRECTORS



OUR DIRECTORS AND DIRECTOR NOMINEES HAVE THE RIGHT MIX OF SKILLS AND EXPERIENCE

Commercial Finance
  **3**

Payments and Prepaid Cards
  **6**

Consumer Lending
  **5**

Tax Services
  **2**

Business Development/Mergers and Acquisitions
  **8**

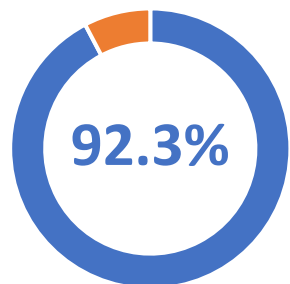
Cybersecurity and Information
  **3**

Marketing
  **3**

Legal and Regulatory
  **9**

SEC Board Competency
Requirements that must
be shown in a Proxy
Statement Annually.

Board Composition Example



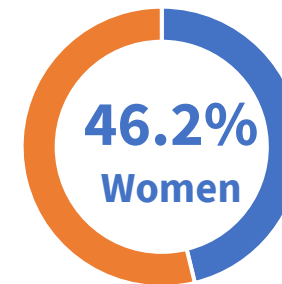
**Director
Independence**



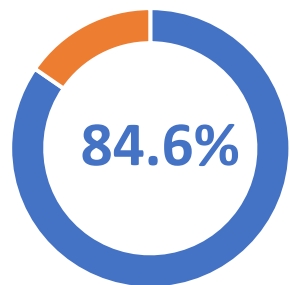
Tenure



Age



**Female
Directors**



**Bachelor's/Higher
Education**

Skills / Experience	Frequency									
CPA/Accounting	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Senior Leadership	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Marketing	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Payment Systems	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Legal & Regulatory	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Human Resources/Services	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Strategy	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Commercial Finance	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Consumer Lending	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Cyber Security/Information	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Business Development/M&A	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%
Digital Transformation	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

D. Hilton Competency Model



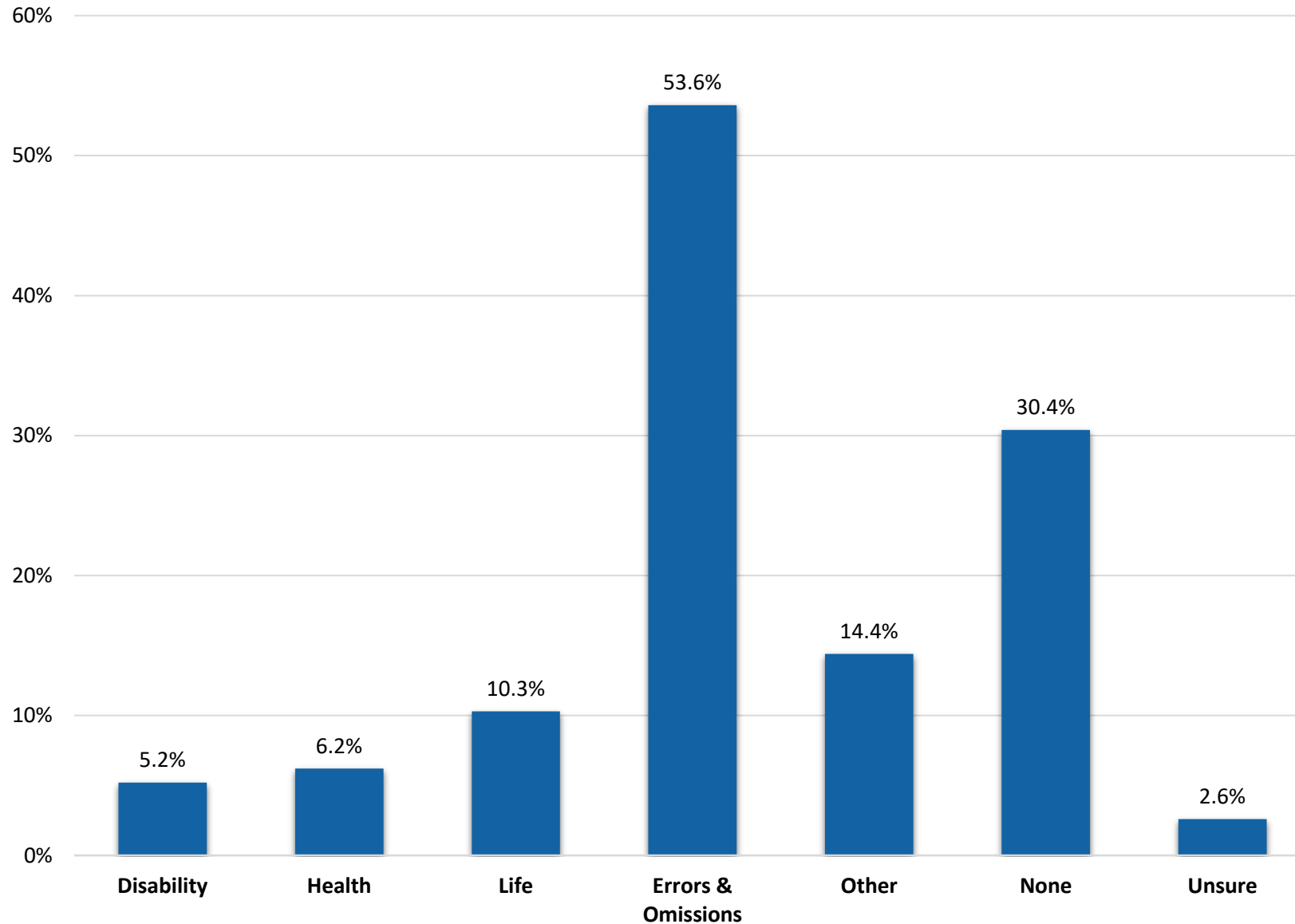
Board Compensation & Demographics

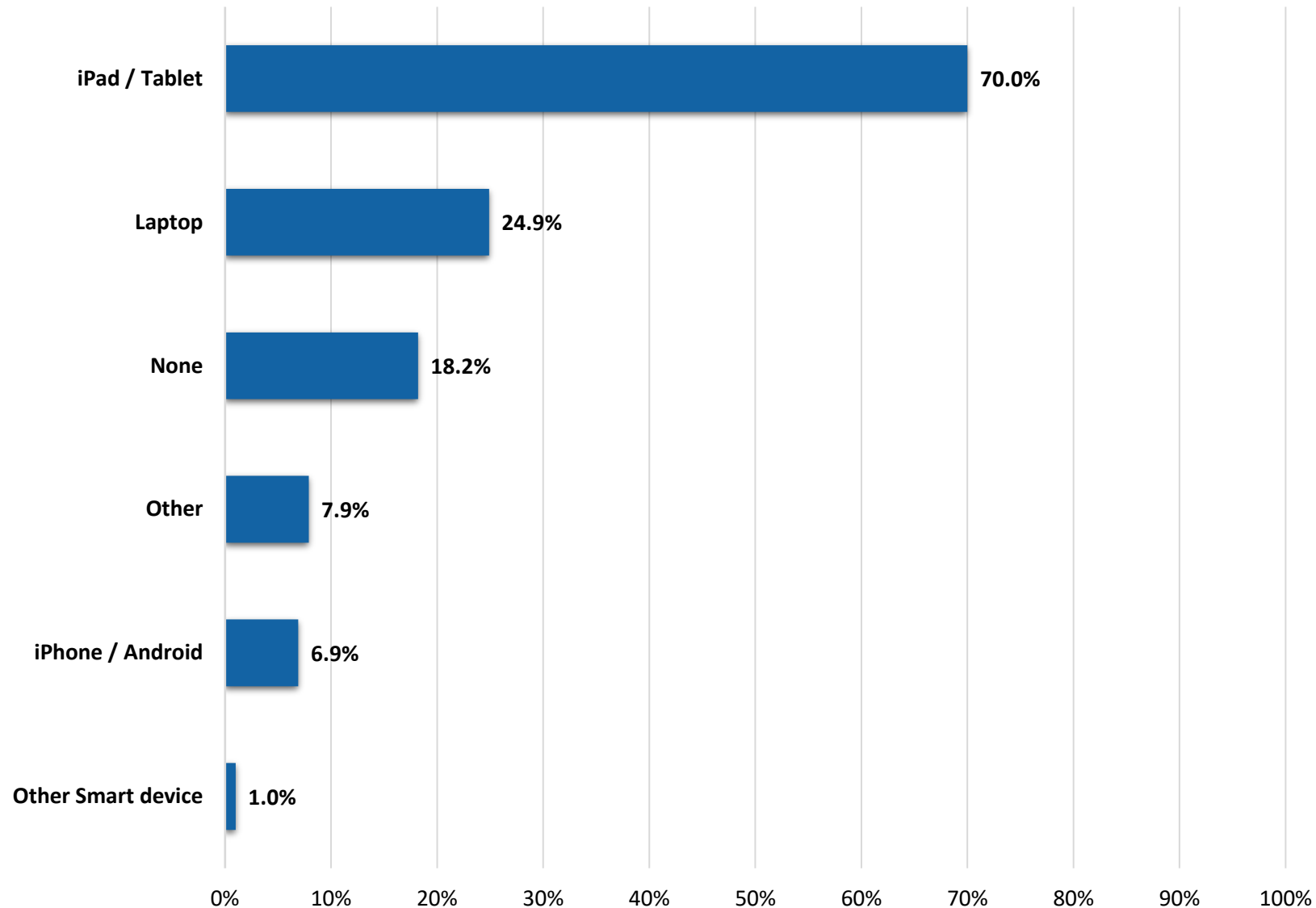


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Insurance
products offered
to Board
members.

Consistent across
all peer groups.





Tech Devices
offered to Board
members.

Larger credit
unions offer with
more prevalence.

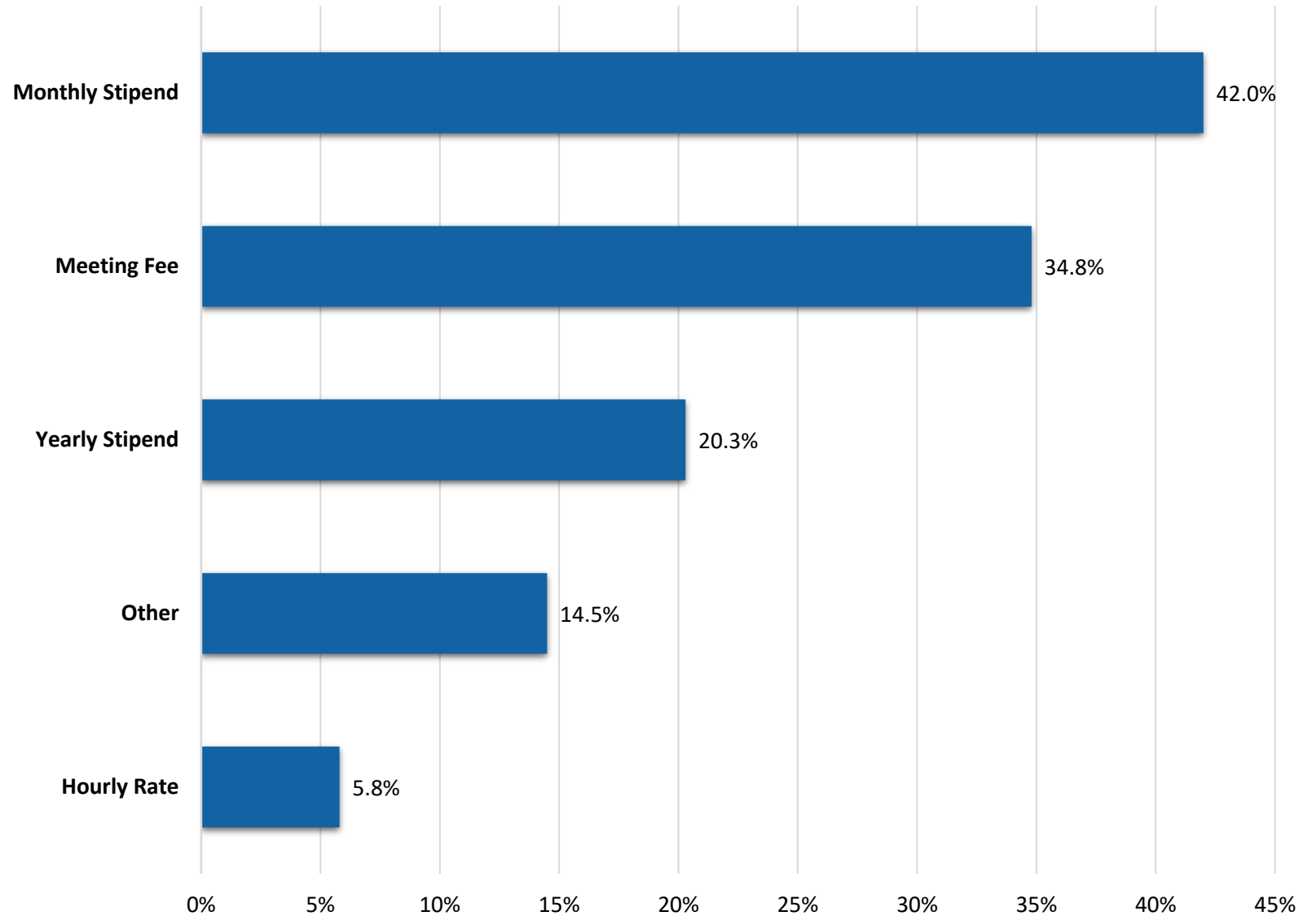


Jumbo
Shrimp?

Compensation Types

\$	Mean	Min	Max
Annual	\$30,010	\$300	\$60,000

Total Rewards Symposium 2025



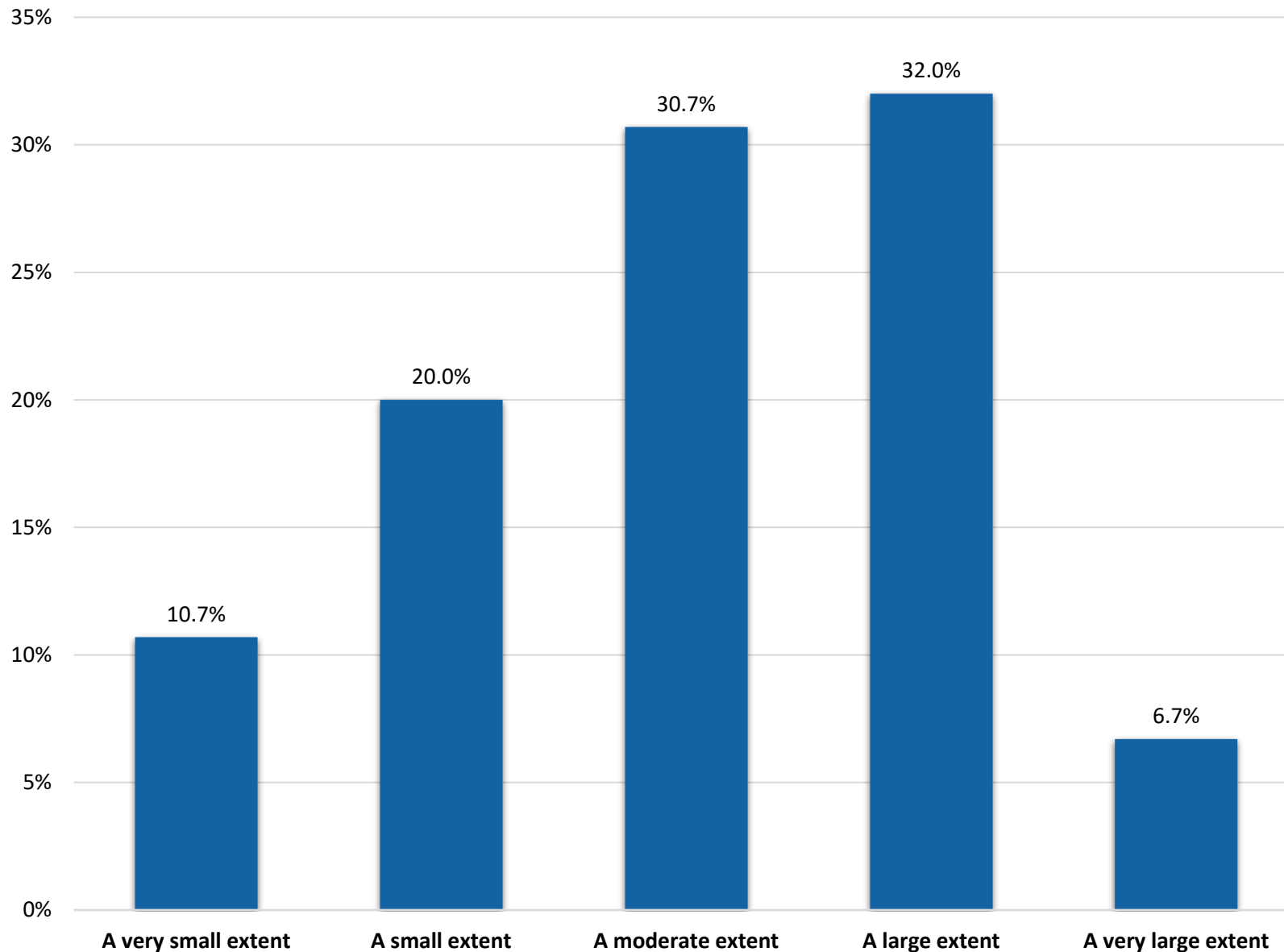
Compensation Parameters

\$	Mean	Min	Max
Annual	\$30,010	\$300	\$60,000

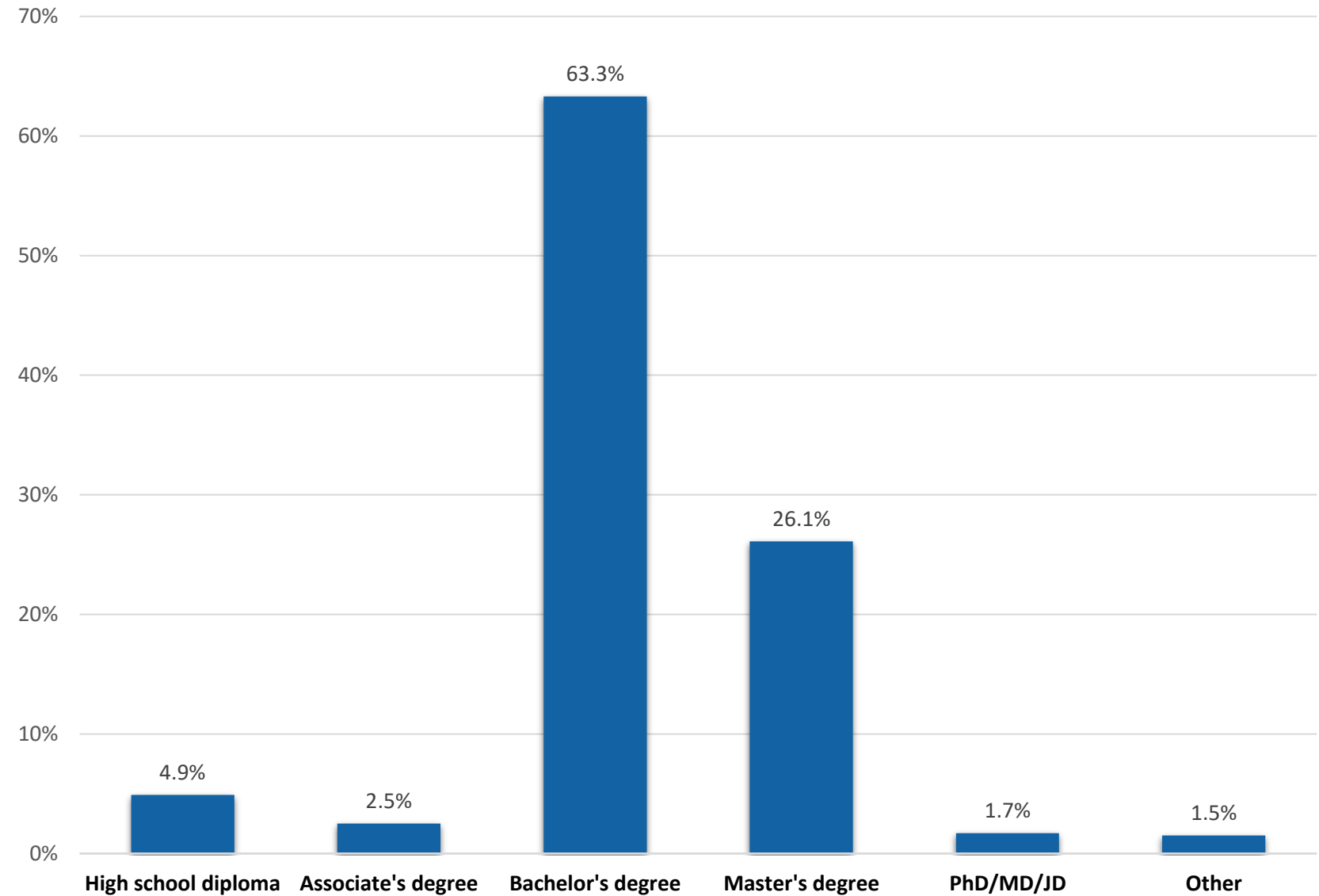
Only 1 out of 3 Credit
Unions utilizes a
Compensation
Consultant to
determine
Director Pay Packages

Annual (\$)	Mean	Median
\$100 million to \$499.9 million	\$9,660	\$10,800
\$500 million to \$999.9 million	\$29,000	\$24,000
\$1 billion to \$4.9 billion	\$32,603	\$39,000
\$5 billion or more	\$36,641	\$38,904

**The extent to which
the compensation
structure helps recruit
qualified Directors.**



Director Education Levels



CEOs as Directors

- Only 9% ask CEOs to also serve as a Director.
(primarily among > \$5 billion credit unions)
- 64% state it is a conflict of interest.
(trend shows that larger credit unions don't believe it is a conflict)

Board Size Trends

8.0% have 11 Directors

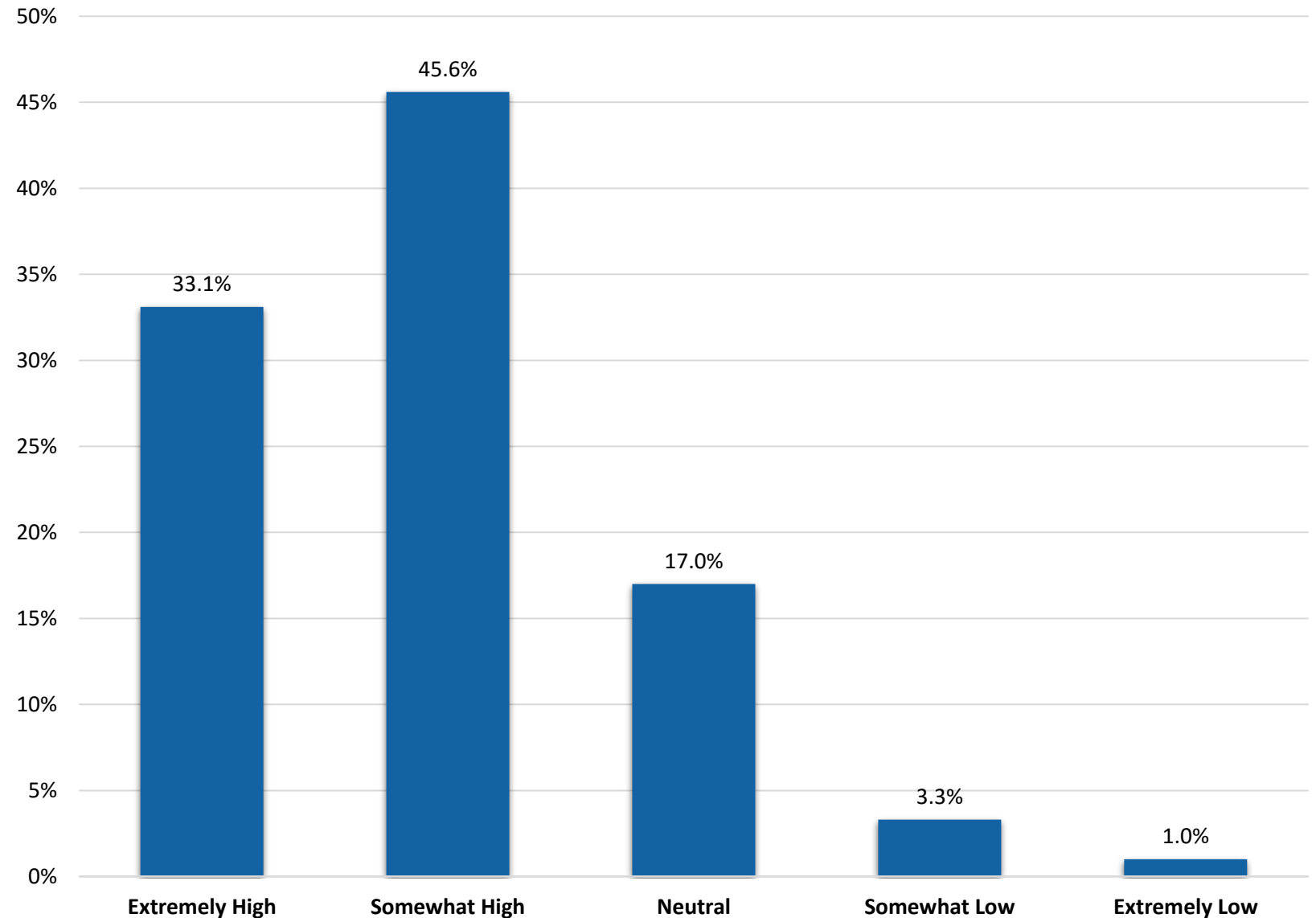
43.5% have 9 Directors

34.6% have 7 Directors

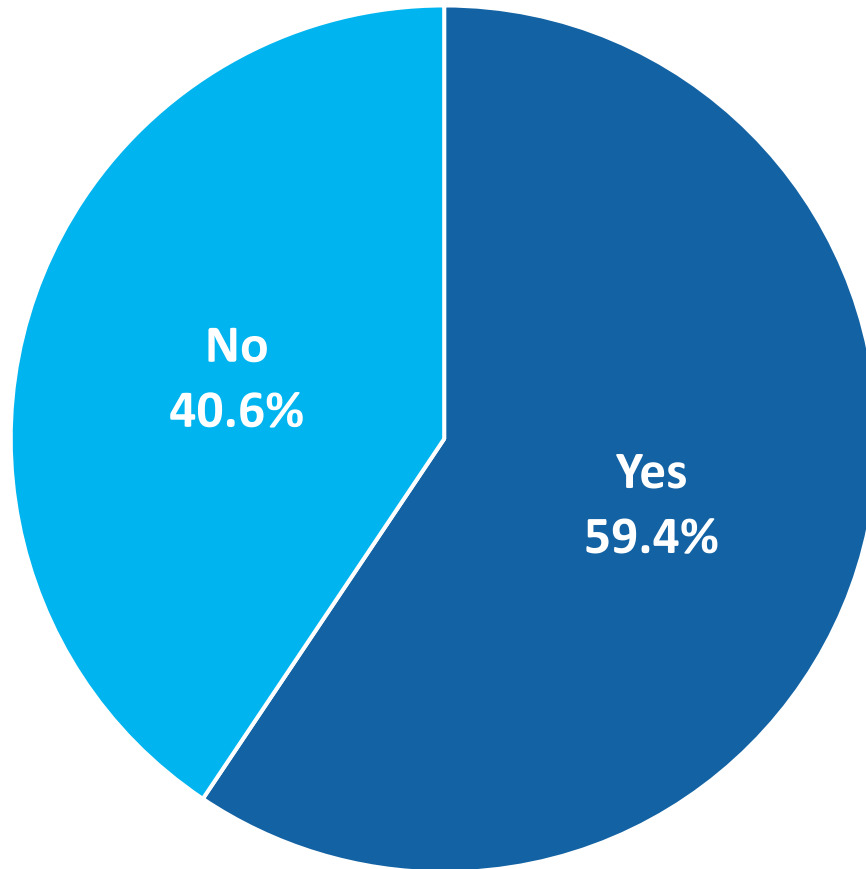
4.5% have 5 Directors

Self-Reported Engagement Levels

- Larger credit unions show higher engagement levels.
- 95+ engagement levels (but there's always one).

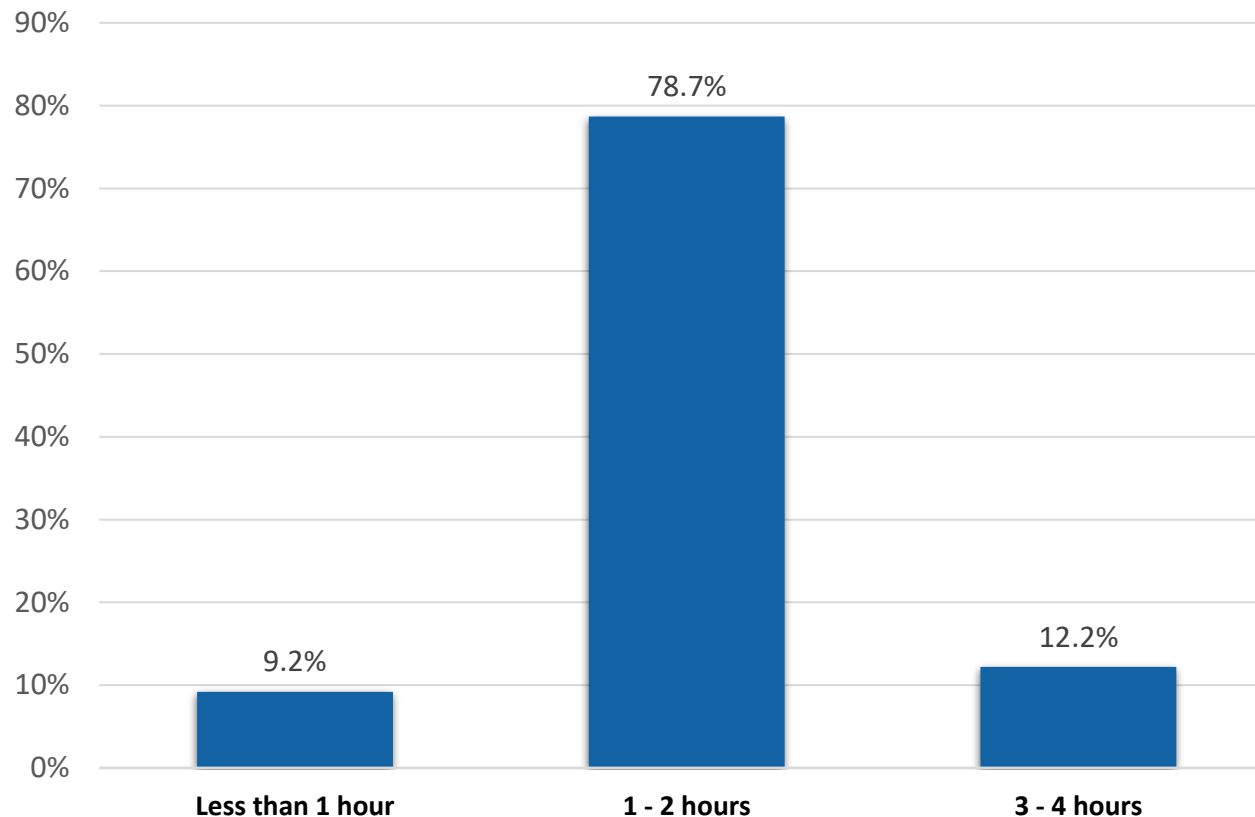


Our Board accurately represents the demographics of the credit union membership



- Larger credit unions have less confidence.
- Board Size Trends

Board Meeting Length



- Larger credit unions have longer Board meetings.
- 91% use Consent Agendas.
- 78% of Boards have closed sessions, with larger credit unions more likely to have closed sessions.

Board Meeting Evaluation

Section 1: Meeting Objectives & Clarity

1. How clearly were the meeting objectives communicated?
2. Did the meeting agenda reflect our values of teamwork and excellence?

Section 2: Facilitation & Participation

3. Was the Chair effective in guiding the discussion?
4. Did all Volunteers have an opportunity to participate?
5. Was feedback from staff welcomed during the meeting?

Section 3: Relevance & Usefulness

6. Was the content relevant to your role?
7. Did the CEO help you understand new initiatives/processes?

Section 4: Collaboration & Culture

8. Did the meeting atmosphere encourage creativity and collaboration?
9. Were our core values (e.g., respect, integrity, safety) evident during the meeting?
10. Did you feel valued as a Volunteer during the meeting?

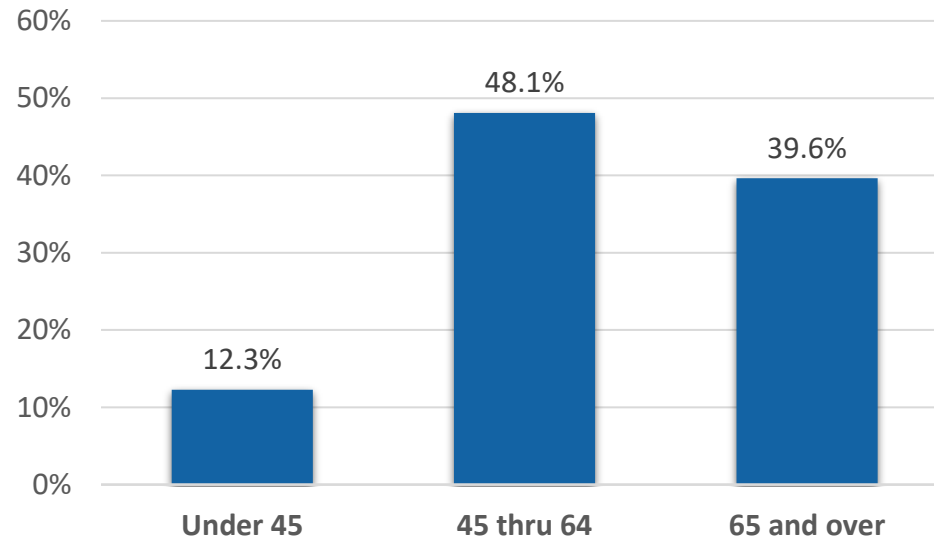
Section 5: Logistics & Environment

11. Was the meeting location comfortable and conducive to teamwork?
12. Did the meeting materials (slides, handouts) support your understanding?
13. Were there any technical difficulties?

Section 6: Overall Impressions & Suggestions

14. Did the meeting cover the topics you expected?
15. Were the key messages and objectives clear and well communicated?
16. How would you rate the overall format and pace of the meeting?
17. What did you like most about this meeting?
18. Do you have any additional suggestions for enhancing Board meetings?

Board Demographics and Strategies



- 92% have established Age Limits.
- Does your credit union have set age limits for Board members?

	\$100 million to \$499.9 million	\$500 million to \$999.9 million	\$1 billion to \$4.9 billion	\$5 billion or more
Under 45	13.9%	11.6%	10.3%	15.9%
45 thru 64	49.8%	45.1%	47.5%	55.3%
65 and over	36.3%	43.3%	42.2%	28.8%

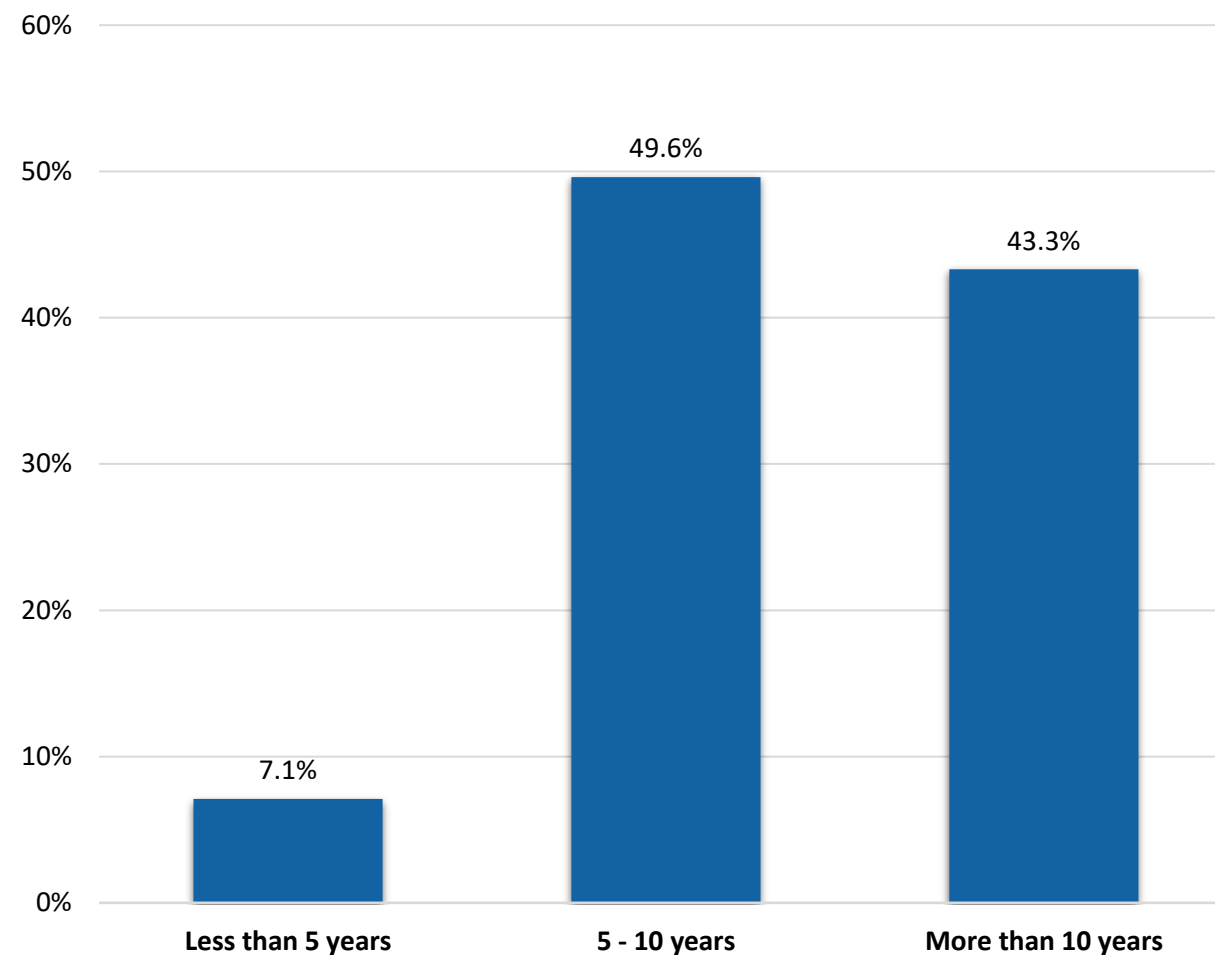
Female Participation

Overall Mean	2.85
Overall Median	3.00

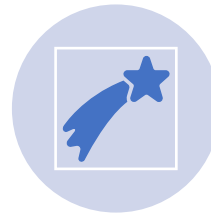
	\$100 million to \$499.9 million	\$500 million to \$999.9 million	\$1 billion to \$4.9 billion	\$5 billion or more
Mean	2.59	2.81	2.91	3.62

- 92% have established Age Limits.
- 75% of credit unions rely on their Chair to address underperforming Directors.
- 58% of credit unions conduct Board evals, and larger credit unions conduct Board evals more frequently.

Director Length of Service

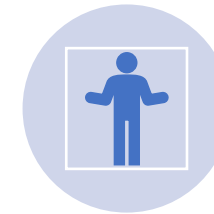


Self vs. Peer vs. Team



97% of execs believe they are a top 10% performer.

(Business Week 2007)



Incompetent performers are incapable of assessing between good & bad performance – they leave with the mistaken impression that they are doing just fine. *(Kruger and Dunning)*



The overall correlation between self-ratings and performance was .00.

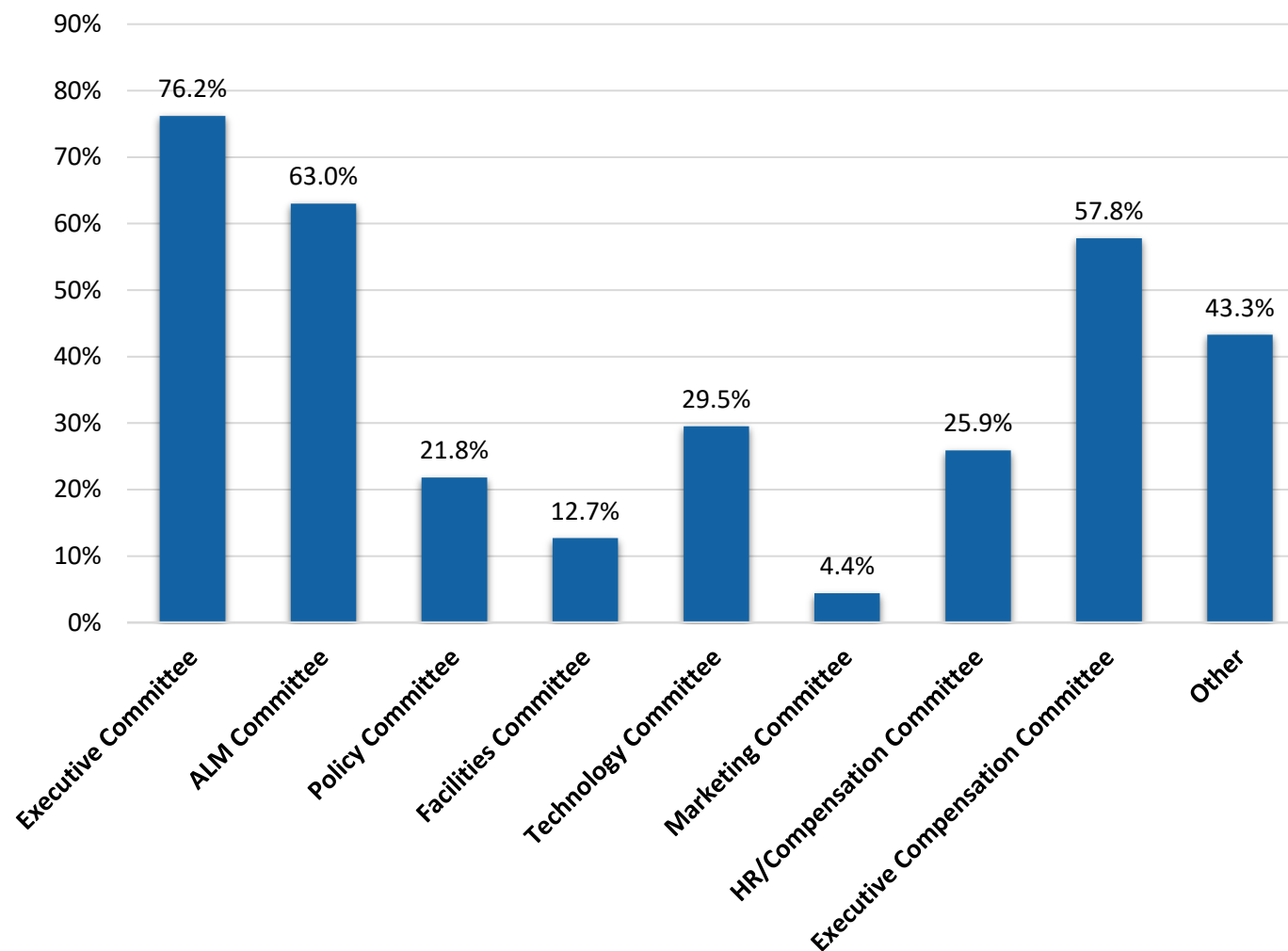
(Lominger)



Discussion not a negotiation.

Committee Usage primarily
skews toward the
traditional and mandatory

Committee Usage



Representing the Membership



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Many advisory boards include individuals most impacted by the issues their nonprofit is working to address. They are asked to “advise” the Board on decisions, but they do not have the power to make these decisions independently.

As a least impacted person, would you be willing to serve as an advisor to a Board comprised of those most impacted? You could share your expertise as a financial, marketing legal, human resources specialist, etc.

Many Boards subconsciously believe they need to “lower the qualifications bar” to attract diverse directors. This thinking is biased.

It can be invigorating to hear directly from the communities it serves; a Director deeply embedded in one of those communities can serve as a constant guidepost.

Directors can be community advocates. A diverse Board has more access to potential members/staff/volunteers.

A Board composed of different backgrounds/experiences enables you to solve problems more strategically because they are facing the same issues as your members.

Josephine Ramirez

Board Succession & Recruitment



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High-Performing Boards

Commit to a customized annual cycle

Hunters not gatherers (talent pipeline)

Cultural integration, not onboarding

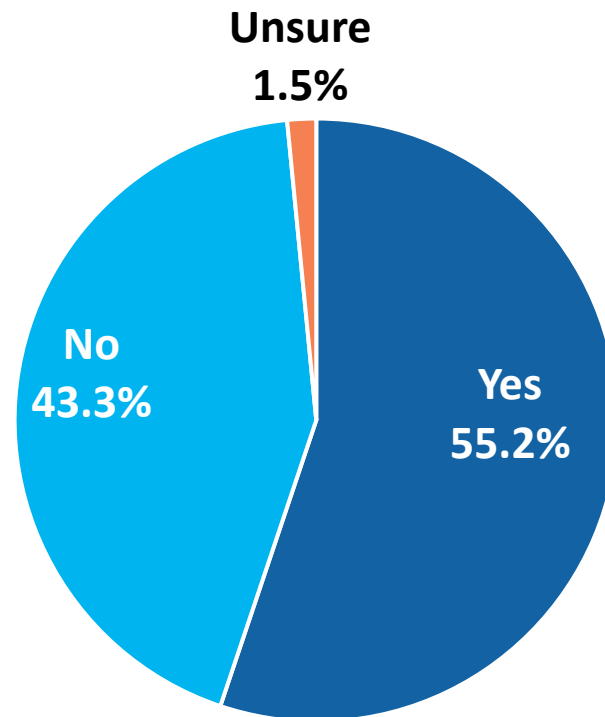
Proactive retention through engagement

Partner with the CEO for success

Accountability is a valued competency

Leverage committees to balance workload

Board Succession Trends

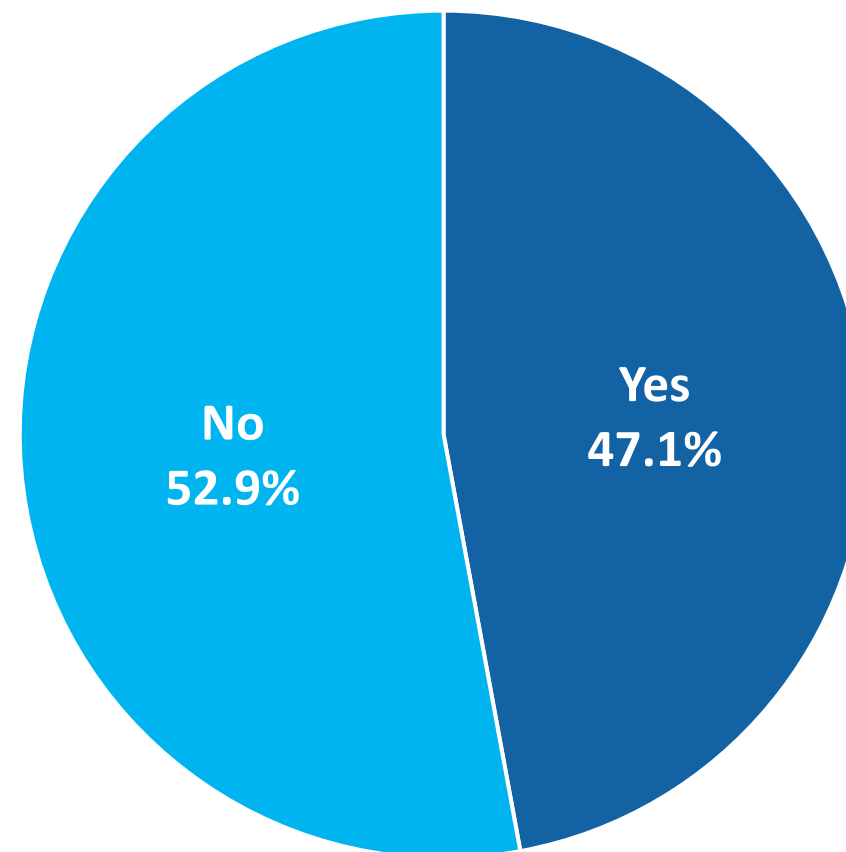


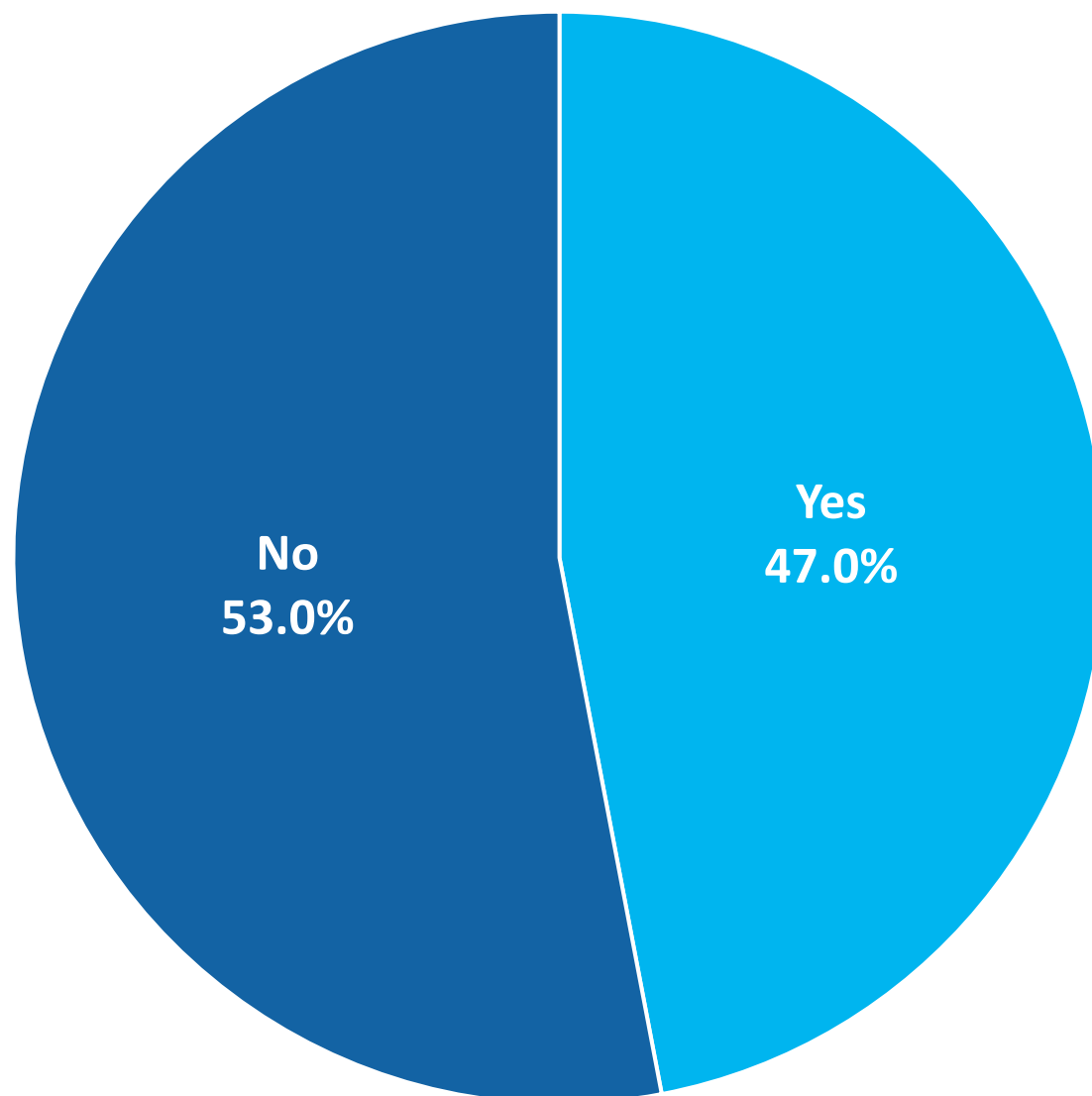
- Larger credit unions are more likely to have a Board succession plan than smaller credit unions.
- 80% of credit unions do not feel the need to update their plans, but 64% review annually.
- 81% believe the current plan is effective.

Board Practices

- Every three years is the most common rotation period.
- 22% of credit unions rotate other officer positions.
- 55% of credit unions believe rotation should not be mandated.
- 52% have term limits.

Credit Unions that Rotate the Chair Position



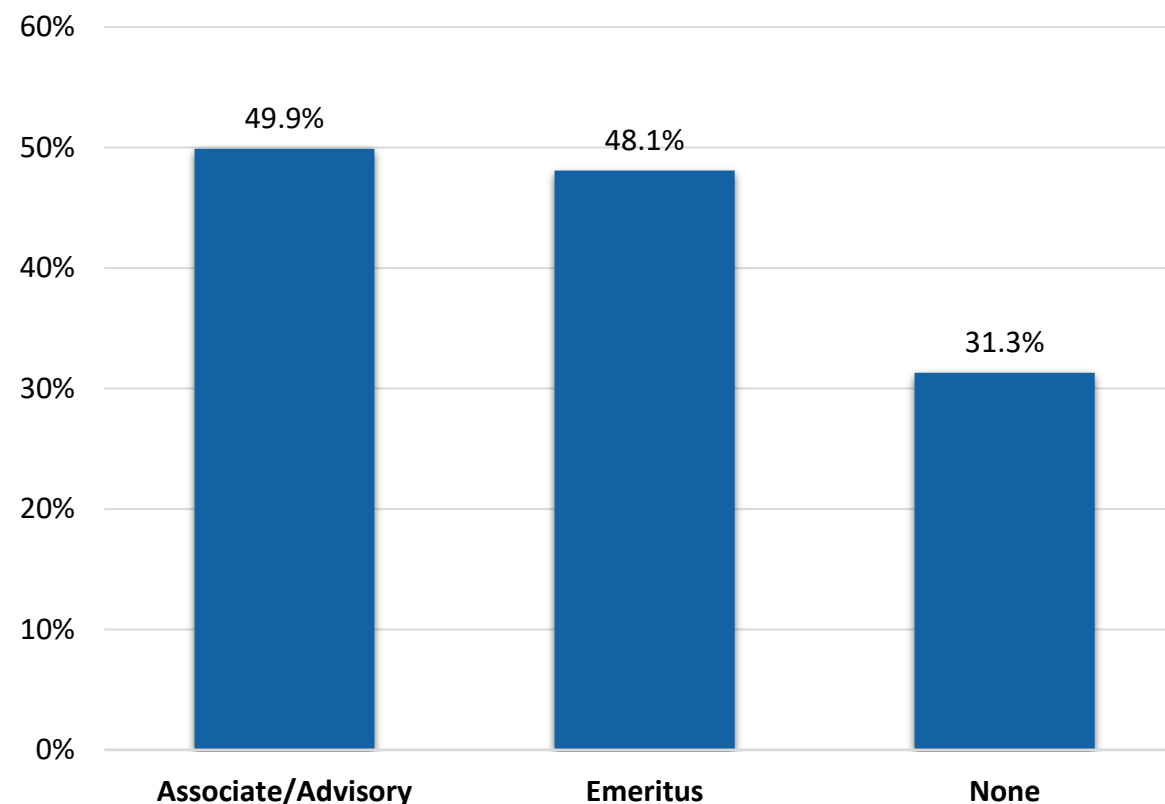


Do you feel that the
Board needs to have
term limits?

Board Practices

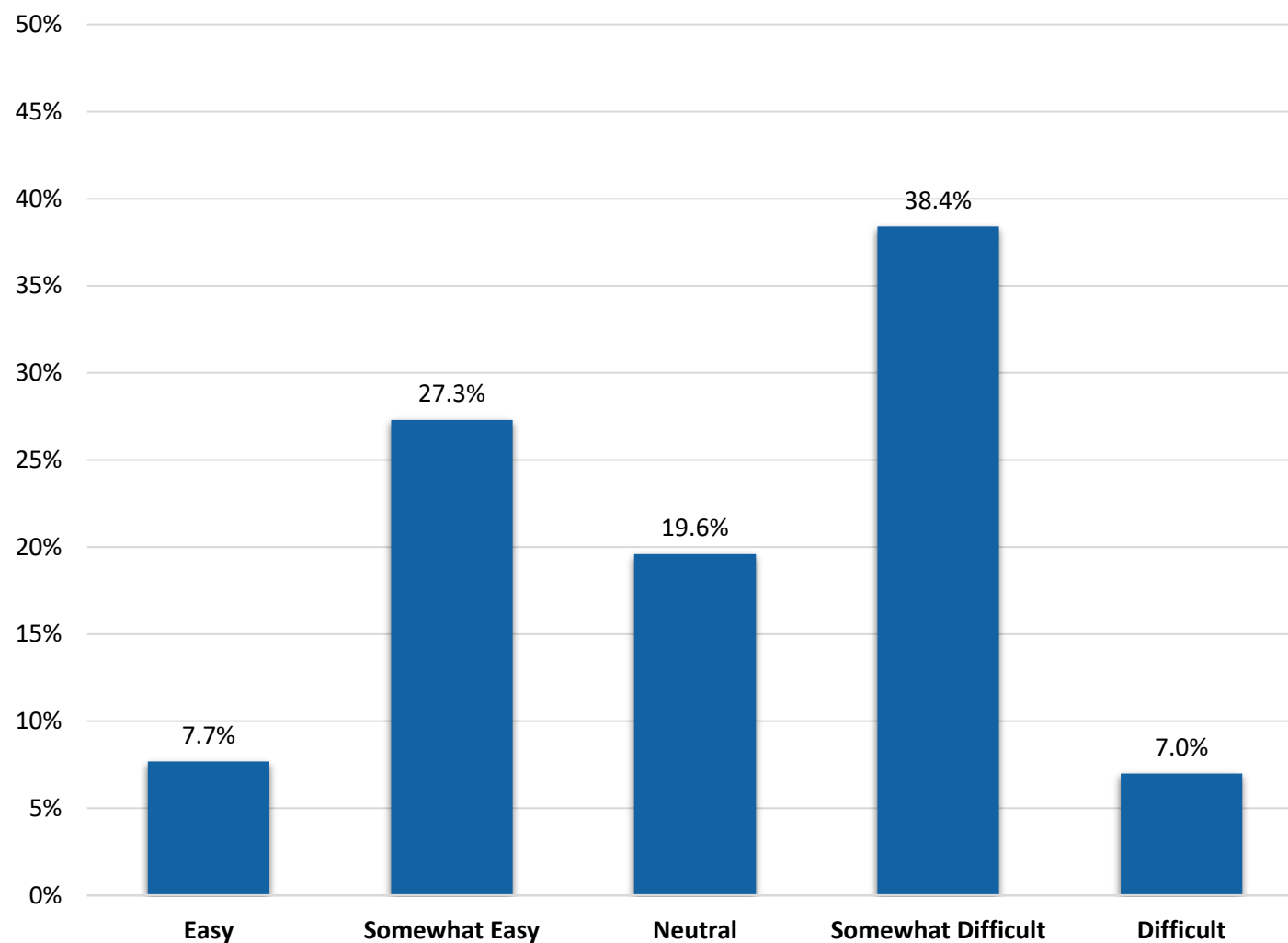
- 53% of credit unions offer these types of positions.
- Larger credit unions tend to use these positions more.
- Associates/Advisory volunteers can attend meetings, attend conferences, and attend strategic planning sessions.

Usage of Board Associate/Advisory or Emeritus positions



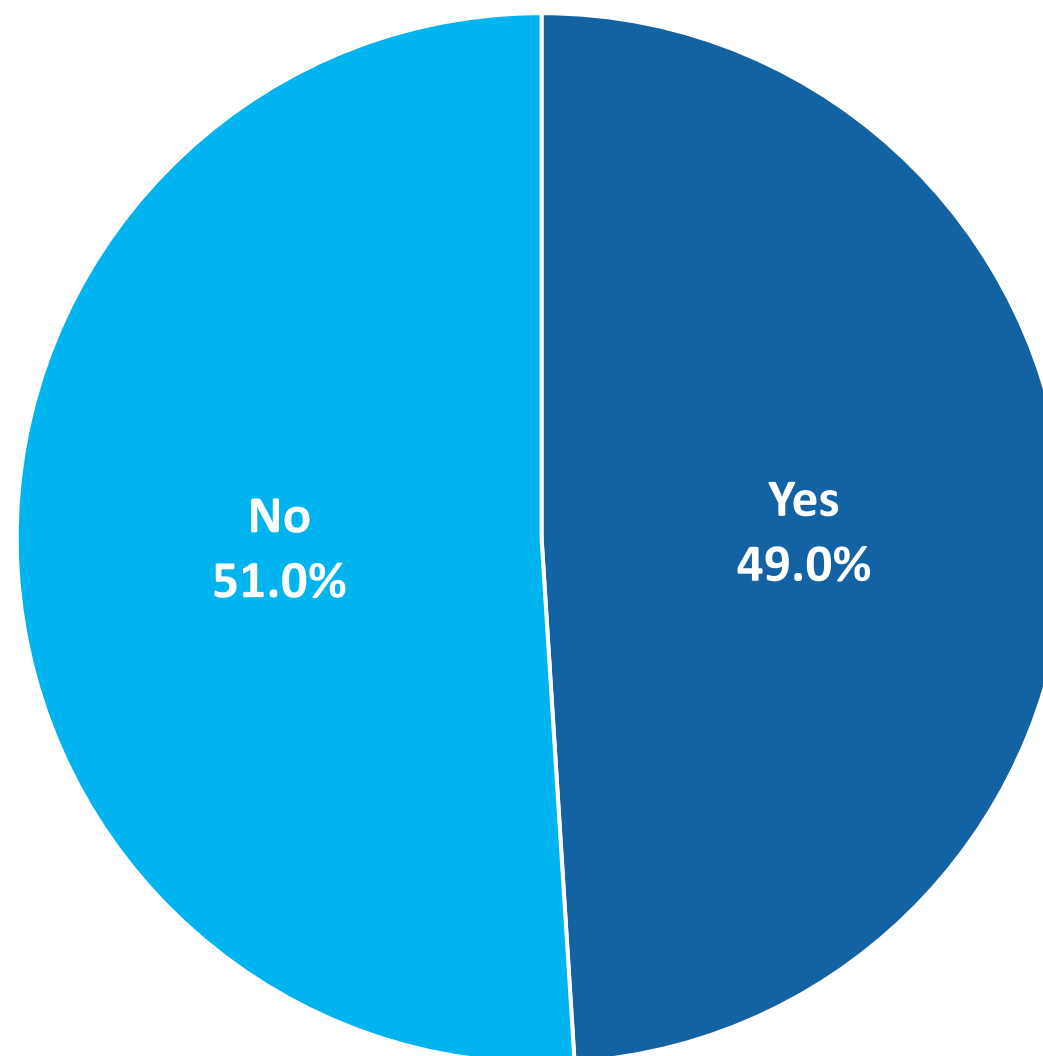
- How difficult is it to recruit new Board members?

Recruiting Degree of Difficulty

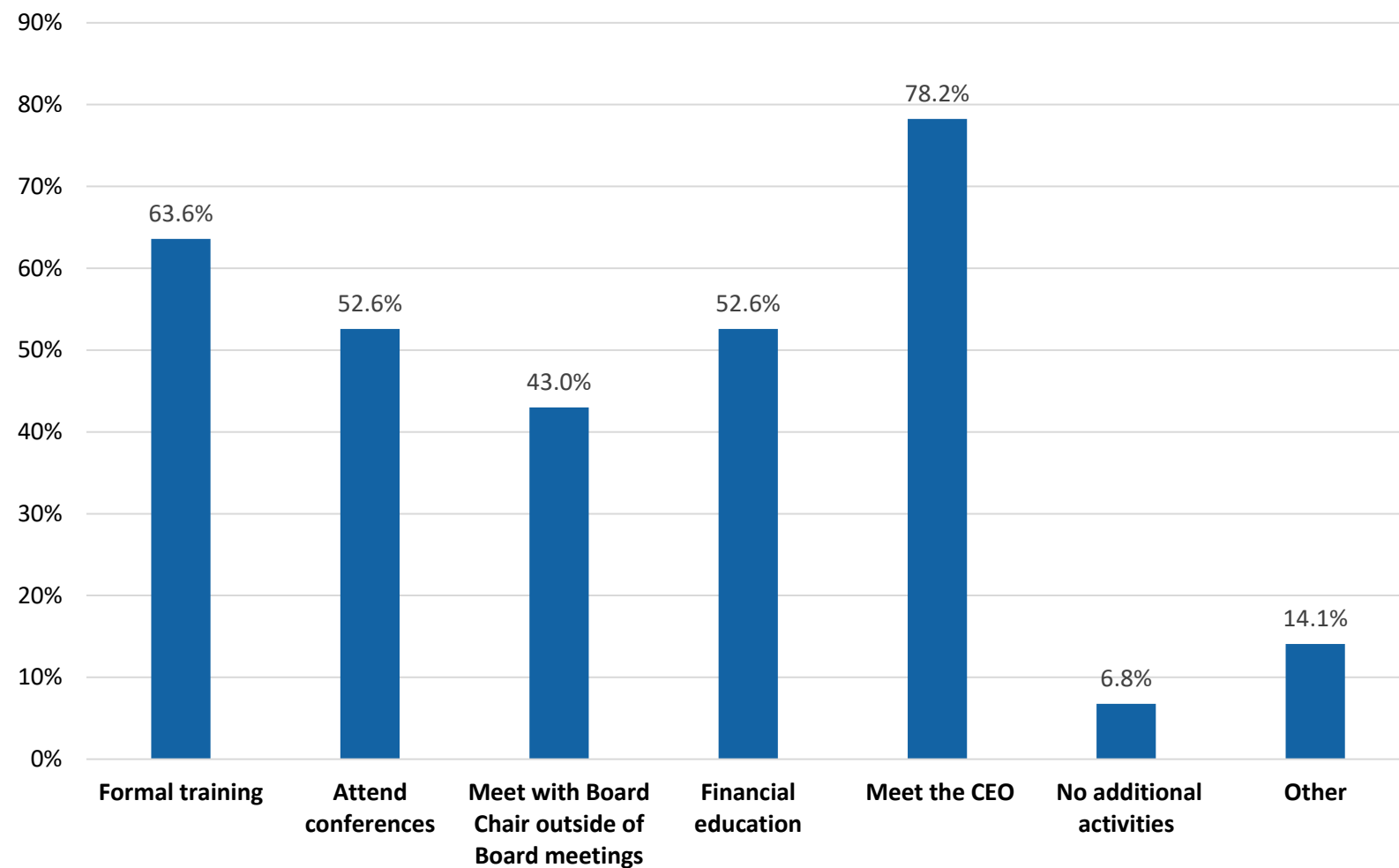


- Larger credit unions tend to use more formal programs.
- One out of two credit unions relies on a Nominating Committee for recruiting, followed by a committee progression concept.
- Six months tends to be the most common recruiting period.
- 66% of credit unions enlist the CEO to assist in recruiting efforts.

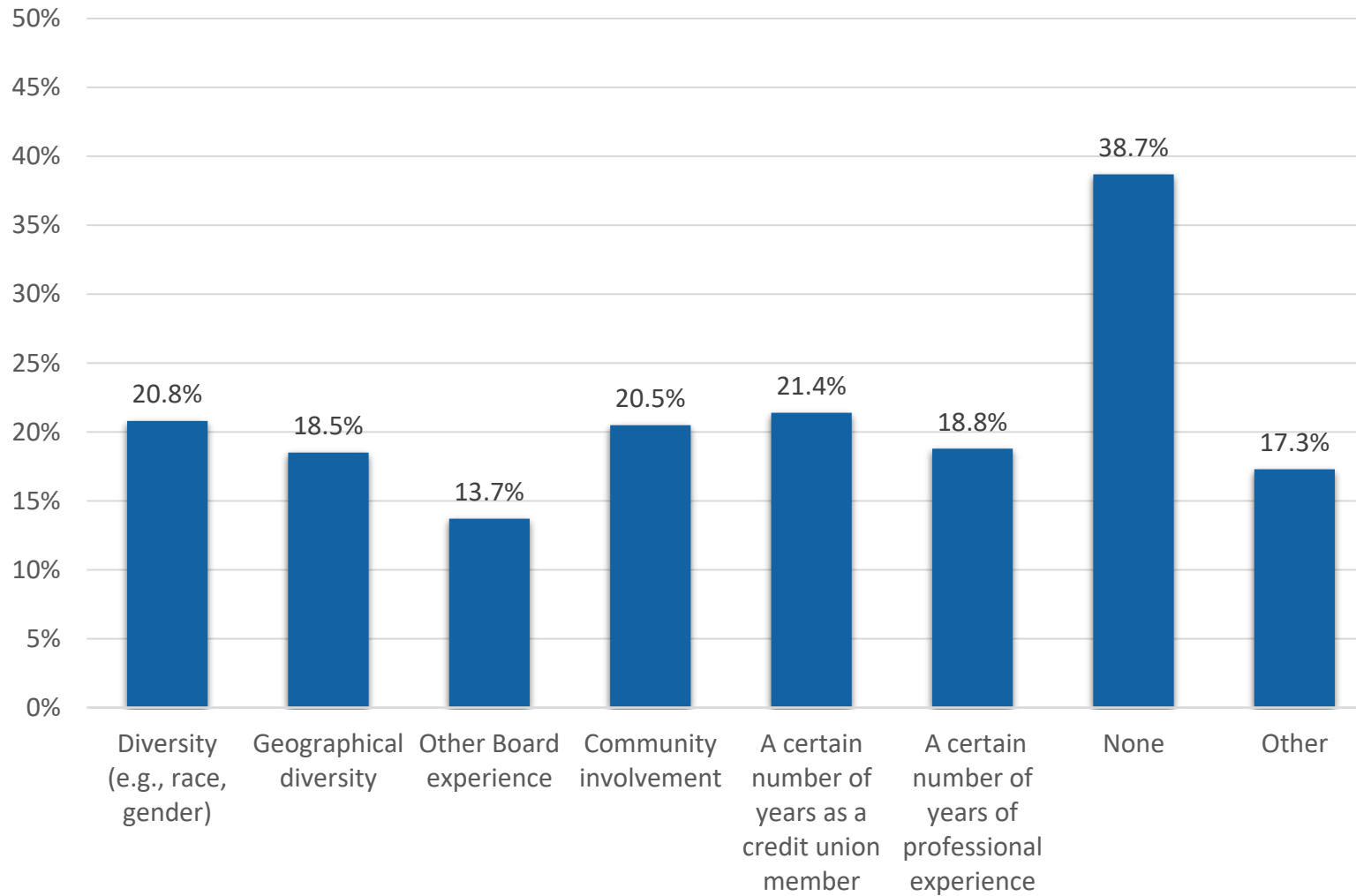
Director Recruiting



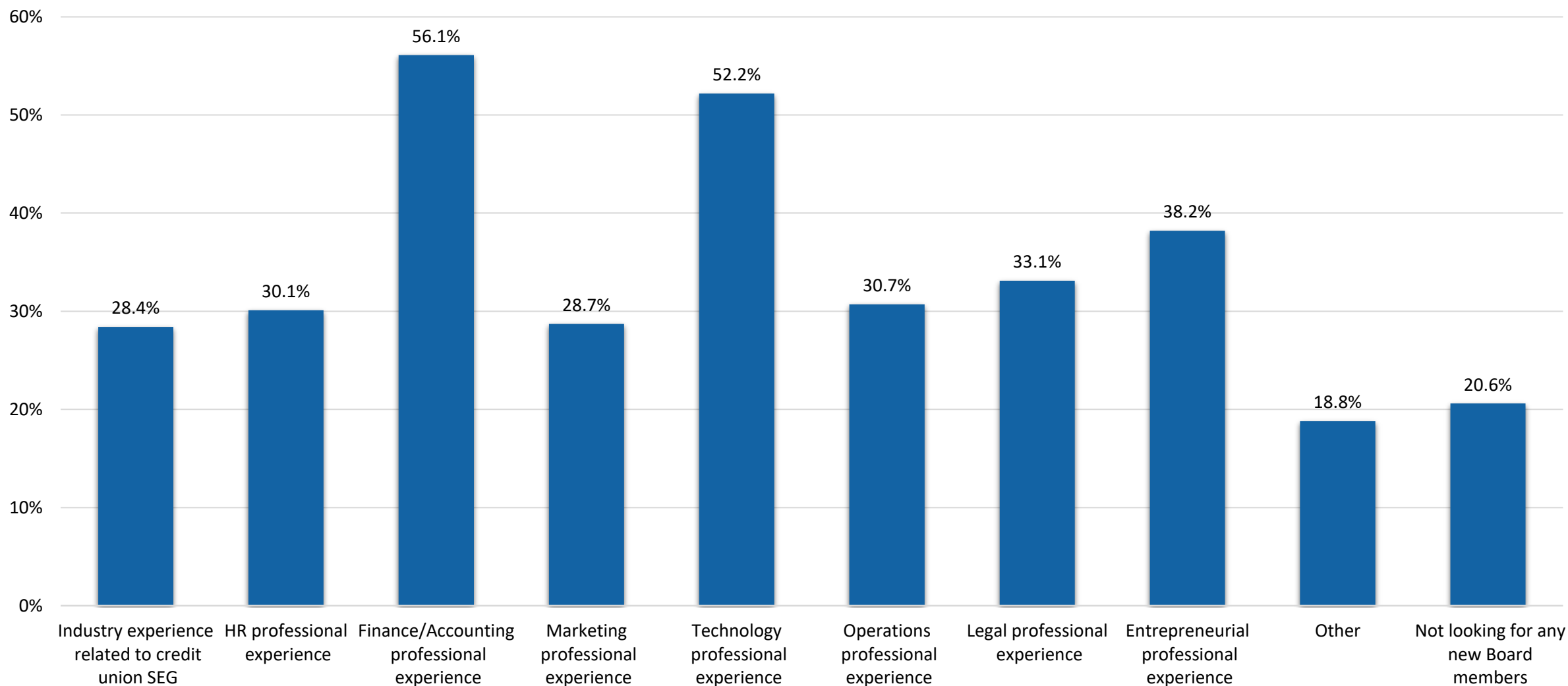
Onboarding Practices



New Board Member Criteria



Desired New Board Member Competencies



Director Orientation Checklist

Information	What to Do	When Completed
Program	Facilities tour Presentations by CEO, key staff, video	
Finances	Presentations by CEO or CFO Review of recent financials Learn how to read and understand financial statement	
History	Read written materials	
Strategic Direction	Review of strategic plan	
Organizational Structure	Review of bylaws Review of organizational chart Introduction to key staff members	
Board Roles	Review of written materials Discussion with Chair	
Director Responsibilities	Signed letter of agreement Signed conflict-of-interest policy	
Board Operations	Review of Board Manual Meeting with Board Chair Accept Committee Assignments Attend Board Meetings	

11TH Annual

Total Rewards Symposium 2025



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