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Defining a Competitive Credit Union Executive Compensation Package

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Editor's note: This piece has been newly updated as of April 1, 2025 with the latest data from our Top Credit Unions CEO and Senior Executive Total Compensation Survey.

In today's labor market, it is more important than ever for credit unions to offer a comprehensive and competitive compensation package. As economic uncertainty lingers, there is continued pressure to afford new compensation levels, and recruiting remains challenging. Credit union leaders have been working to balance member needs, and navigate increasing regulatory compliance while also competing for talent with not only their peer credit unions, but other financial institutions as well.

The likelihood of losing talent is always a concern especially among the c-suite and in particular, the CEO. "Assessing the total compensation packages for the CEO and the rest of the c-suite on an annual basis compared to market movement is a critically important process," said Pearl Meyer Consultant Randy McGraw. In Pearl Meyer's Top Credit Unions CEO and Senior Executive Total Compensation Survey we evaluated CEO and executive compensation for 88 large credit unions ranging in asset size from $500 million to $56 billion with a median asset size of $3.5 billion. In our view, compensation for CEOs should always be discussed and determined within the context of the total compensation package. However, for the following reasons, this is an easier concept to state than to apply in practice for this industry:

- Executive benefits and perquisites often made available in the credit union industry are not as easily compared as cash compensation; there are many more variables and variations to consider, making quantification into percentiles imprecise.
- Unlike cash compensation, not every executive receives every possible element of total compensation.
- A competitive total compensation package is not the sum of individual, competitive elements. Most pay packages will be missing some potential elements, thus a total compensation package with all possible elements is likely to be above-competitive.
- Many benefits are based on cash compensation (retirement benefits are often a multiple of salary or total cash compensation, disability benefits are a percentage of salary, etc.). Accordingly, the competitiveness of cash compensation will have a leveraged effect on the competitiveness of any pay-related benefits.

Based on our review of the total compensation packages provided to each participating CEO in the 2024 survey, the table below is a summary of the competitive and above competitive total compensation packages.

Total Compensation Element	"Competitive" Package for Credit Unions with $3.5B Median Asset Size	"Above Competitive" Package for Credit Unions with $3.5B Median Asset Size
Base Salary	$780,000	$881,000
Annual Incentive	35% Target 45% Maximum	49% Target 75% Maximum
Long-Term Incentive	None	$135,000
Long Term Disability	60% salary continuation	66.7% salary continuation with supplemental coverage
Supplemental Life Insurance	2.0 x Base Salary	3.0 x Basey Salary
Retiree Medical	None	None
Supplemental Executive Retirement Plan (SERP)	60% of final five-year average total cash compensation at age 65, offset by qualified plan benefits and 50% of Social Security equivalent value	72% of final five-year average total cash compensation at age 65, offset by qualified plan benefits and 100% of Social Security equivalent value
Car/Car Allowance	$11,000 per year	$71,000 car provided every 3 years plus maintenance, fuel, and insurance
Club Membership	None	Athletic or Business Club Membership
First Class/Spouse Travel	Coach Class/Spouse Travel	Coach Class/Spouse Travel
Additional Time Off	None	Additional five days
Benefit Tax Gross-Ups	None	None

How a credit union mixes the various forms of compensation to determine a total compensation package for the CEO and other executives should be determined based on the organization's compensation strategy and its relationship to the business strategy. Paying executives base salary and benefits only tends to attract and hold executives who are averse to taking risks and slow to react to a changing environment. However, as the pace of change in the financial services environment has quickened, an increasing number of credit unions have found that a pay-for-performance philosophy works better. In taking this approach, the mix of guaranteed pay (base salary) and at-risk pay (short-term and long-term incentives), is shifted more towards at-risk pay. If the strategic plan is properly developed, executives will know their role in executing strategy, and if the credit union can track the results of the execution, then it can reward the achievement of strategy. This practice may not be suitable for all credit unions, but where it has been implemented, boards and executives alike feel it not only rewards for the achievement of important credit union goals but is also effective in retaining key employees.

Based on the labor market throughout 2024, the race for top talent will continue to be tight. And, that top talent knows they can be well compensated by changing organizations. Monitoring compensation trends and developing the right pay mix for CEOs and other c-suite roles will continue to be a focus for the board compensation committee and credit union executives.

Pearl Meyer's Top Credit Unions CEO and Senior Executive Total Compensation Survey has been the leading source of CEO and senior executive compensation information for large credit unions for over 15 years. In addition to cash compensation information for 29 senior executive-level positions, the survey also contains detailed information on executive benefits and supplemental retirement practices that go beyond prevalence information. Contact Randy McGraw for guidance on the most current credit union compensation trends and Rhonda Snyder for information on how to participate in the 2025 survey.

For credit unions interested in assessing their compensation compared to their banking counterparts, Pearl Meyer also publishes the National Banking Compensation Survey, which covers over 300 banking positions from teller to CEO. This year's survey reported data from 660 banks and financial institutions and over 121,000 incumbents. Key data reported included base salary, short-term incentives, long-term incentives, total cash/target/direct compensation, mortgage originator compensation, and commercial loan officer compensation. The survey opens for participation again April 1, 2025. For additional information or to participate, please contact us here.

About the Author

Rhonda is a senior survey account manager at Pearl Meyer. She joined the team in August of 2019 and she works as a liaison to the Southeast banking associations on banking salary surveys while also assisting many other state and national survey clients.

About Pearl Meyer

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