How to use the data tables, including definitions of terms

The average and median salaries for many credit union positions tend to increase as credit union asset size increases.

This also is true for the average/median minimums, midpoints, and maximums of formal salary ranges; variable pay (i.e., incentives and/or bonuses); and total cash compensation (base pay plus variable pay).

Therefore, it's important to look at the appropriate asset category when evaluating your credit union's compensation figures.

Asset size also is closely associated with the number of members, full-time employees, services offered, and loans outstanding a credit union ultimately has. As a result, salaries often tend to increase as these other measures of credit union size increase.

Finally, the average salaries of credit union executive management employees can vary by region. In addition to differences in the cost of living, part of this variation results from asset size variation among credit unions within each region.

Evaluating management salaries

The "overall" salary figures in this report should not be used to establish manager/CEO or other management salaries in your credit union. While "overall" salaries are useful to glean industry trends, they can be misleading because they are composite values. They overstate the pay levels in small credit unions and understate the pay levels in large credit unions.

In addition, these figures reflect the incidence of the various positions in credit unions of different asset sizes. For example, chief information officers (CIO) have higher average and/or median salaries overall than other executive managers because CIOs are more common among larger credit unions.

Instead of looking at overall salaries, follow these four steps:

1. Compare salaries by duties performed rather than by job title, because credit union job titles vary substantially.

Job descriptions follow the data tables for each job title. Before using a particular job title, look at its job description to see if it fits.

While you might not find a perfect match, use the job title with the job description that comes closest to the position you'd like to compare. If the position spans the duties of more than one title, choose the title associated with the duties performed the majority of the time or the highest level of responsibility.

2. Find the salary for your credit union's asset size group within the appropriate table. As mentioned above, asset size is the most important determinant of salaries for management positions.

3. Base your comparisons on the average and/or median, or choose one of the other percentiles. Percentiles involve a range of pay when listed from highest to lowest; in a list of 100 salaries, the 25th percentile is the 25th from the lowest amount listed, while the 75th percentile is the 75th from the lowest amount listed.

Top performers in similar credit unions generally receive salaries in the 75th or 90th percentile. For a low performer, something between the 25th percentile and median may be a more suitable basis for comparison.

In addition, you can use the percentiles to reflect your credit union's market pricing strategy. For instance, if your credit union's approach is to pay above market for your various positions, you may want to focus on the 75th or 90th percentiles. Conversely, something between the 25th percentile and median may be more appropriate. You can use the average or the median if your credit union has a meet-the-market strategy.

The average salary is a simple arithmetic average. The median is the 50th percentile. The average can be skewed by very low or very high salaries. If there is a substantial difference between the average and median, the median is the more reliable figure.

4. Adjust the appropriate salary for geographic location. Look at the salary increments by main office location (i.e., region).

Generally, geographic adjustments are smaller compared with the differences between asset size groups.

Evaluating nonmanagement salaries

Follow these four steps:

1. Compare salaries by duties performed rather than by job title because, just as with management positions, job titles vary substantially. Use the job descriptions to ensure a good fit. Generally, 80% comparable duties is considered a good match.

You might not find a perfect match, but use the job title with the job description that comes closest to the position you'd like to compare. If the position spans the duties of more than one title, choose the title associated with the duties performed the majority of the time.

2. Find the salary for your credit union's asset size group within the appropriate table.

3. Base your comparisons on the average and/or median, or choose one of the other percentiles, just as you would for management salaries.

Also as with management salaries, you can use these pay levels to differentiate high performers and low performers, as well as to reflect your credit union's market pricing strategy.

4. Adjust the appropriate salary for geographic location, if needed, using the "by region" panel of the table. There is also a cost of labor multiplier available by state and for over 400 cities to help hone in on salaries in your area.

Generally, geographic adjustments are smaller when compared with both the differences between asset groups, as well as what you might find with respect to management salaries.

Defining terms

Here are explanations of the terms used in the data tables:

▪ **N** refers to the number of responding credit unions, which is displayed in all tables. Insufficient data is noted in categories where low participation compromises the validity and confidentiality of the information.

▪ **Overall** refers to all credit unions responding; the various subcategories include only the responding credit unions within those categories.

▪ **Average** refers to a simple arithmetic average.

▪ **Percentiles** illustrate the range of pay when listed from highest to lowest; in a list of 100 salaries, the 25th percentile is the 25th from the lowest amount listed, while the 75th percentile is the 75th from the lowest amount listed.

▪ **Median** refers to the 50th percentile, or the midpoint when pay is ranked from lowest to highest.

▪ **Salaries** refer to annual base salaries excluding incentives, bonuses, and other forms of pay.

▪ **Incentives** are rewards based on preset performance criteria, in addition to base pay. Only those credit unions reporting an incentive payment are factored into the average.

▪ **Bonuses** are after-the-fact rewards for a job well done, in addition to base pay. Only those credit unions reporting a bonus payment are factored into the average.

▪ **Variable pay** refers to the sum of incentive pay plus bonus pay.

▪ **Total cash compensation** refers to base pay plus variable pay.

▪ **Salary ranges** refer to formal salary ranges—established minimums, midpoints, and maximums for each position—not the highest and lowest salary paid to job incumbents.

▪ **Number of branch offices** is an independent variable included in the data tables. The total includes the main office. Thus, "1" means there is only the main office; there are no branch offices.

▪ **Region** is an independent variable included in the data tables. The "About the Regions," section of this report explains the regional divisions.