Merger Related Financial Arrangement Comparison

Please Note: This comparison form can assist you in determining if you are required to disclose any increases in compensation due to the merger in the member notice. You <u>are not required</u> to submit this form in your merger application; however, you are encouraged to do so. The information you provide may help NCUA process your request more efficiently.

What to Report: A payment is merger-related and must be disclosed on the member notice if you answer no to the question, *"Would this payment have occurred if the credit union were not merging?,"* and the increase in value exceeds the greater of 15 percent of existing compensation or benefits, or $10,000. Examples of merger-related financial arrangements to input into the form include, but are not limited to:

Direct Compensation: Any salary increases for merging credit union staff, even if the increase is to bring the transferring employees' salaries in line with the continuing credit union's pay scale.
Indirect Compensation: Non-cash benefits, including car allowances or company car, mobile phone, and relocation benefits.
Leave: Payment of accrued leave if the payment occurs earlier in time or in a greater amount because of the merger.
Deferred Compensation: Retirement plans, pension plans, etc.
Early Payout of Retirement Benefits: SERPs, split dollar life insurance plans, etc.
Other Financial Rewards: Payouts from merging dividend, bonuses, etc.

How to Use the Form: The form has sample amounts entered to illustrate the automatic calculation. The samples indicate if the merging credit union is required to disclose any merger-related financial arrangements in the member notice. Remove the sample amounts prior to entering any payment amounts in the applicable categories for the CEO/Manager, the next four most highly compensated employees, and any member of the board of directors or the supervisory committee of the merging credit union. When you enter your compensation amounts, the form will automatically calculate whether a disclosure is needed or not.

<u>**What to Provide to NCUA:**</u>
Required per Part 708b of the NCUA Rules and Regulations: Board minutes for the merging and continuing credit union that reference the merger for the 24 months before the date the boards of directors of both credit unions approve the merger plan.

Highly Recommended: This comparison form and any employment contracts, retirement contracts or documents, executive session minutes, presentations, or any other documentation supporting the compensation amounts entered in the form.

	CEO/Manager		**Highly Compensated Employee #2**		**Highly Compensated Employee #3**		**Highly Compensated Employee #4**		**Highly Compensated Employee #5**		**Member of Board of Directors or Supervisory Committee**	
	Current Compensation	Compensation after Merger	Current Compensation	Compensation after Merger	Current Compensation	Compensation after Merger	Current Compensation	Compensation after Merger	Current Compensation	Compensation after Merger	Current Compensation	Compensation after Merger
Direct Compensation	$760,000	$850,000	$6,000	$16,000	$65,000	$75,000	$500	$1,500	$10,000	$19,000	$1	$10,000
Indirect Compensation			$0	$1,500								
Leave	$0	$2,500										
Deferred Compensation					$0	$3,500						
Early Payout of Retirement Benefits										$950		
Other Financial Rewards							$0	$1,000				
Total	$760,000	$852,500	$6,000	$17,500	$65,000	$78,500	$500	$2,500	$10,000	$19,950	$1	$10,000
Difference $	$92,500		$11,500		$13,500		$2,000		$9,950		$9,999	
Difference %	12.17%		191.67%		20.77%		400.00%		99.50%		999900.00%	
Disclosure Required	No		Yes		Yes		No		No		No	

<u>**Definitions per Part 708b of NCUA Rules and Regulations:**</u>

Covered person:	The chief executive officer or manager (or a person acting in a similar capacity); each of the four most highly compensated employees other than the chief executive officer or manager; and any member of the board of directors or the supervisory committee.
Merger-Related Financial Arrangements:	A material increase in compensation or benefits because of, or in anticipation of, a merger that any covered person of a merging credit union has received during the 24 months before the date the boards of directors of both credit unions approve the merger plan. It also means a material increase in compensation or benefits that any covered person of a merging credit union will receive in the future because of the merger. This includes the sum of all increases in direct and indirect compensation, such as salary, bonuses, leave, deferred compensation, early payout of retirement benefits, or any other financial rewards, other than benefits available to all employees of the continuing credit union on identical terms and conditions. A material increase is an increase in value that exceeds the greater of 15 percent of existing compensation or benefits or $10,000.