



**Cost of Compliance Round 2
Contest Submission
June 5, 2015**

Submitted by:
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Tracking the compliance cost:

When reviewing the previous winners templates from the cost of compliance contest, Oak Trust Credit Union selected the 1st place winner Pathways Financial Credit Union for several reasons, the simplicity of the tracking on CU*Base gold , Income Statement style format, and the detailed information to report to the Credit Union's Board of Directors.

Overview:

- A. Cost
- B. Burden on the Credit Union
- C. Reputation
- D. Determining the costs
- E. Tracking the compliance costs

Cost:

The cost to remain compliant has a huge financial impact on credit union's large or small. The financial impact of compliance has been detrimental to the bottom line of Oak Trust Credit Union in the last few years. With assets at \$43,314,238.00 and the cost of remaining compliant in the last 12 months of \$329,329.00

Burden on the Credit Union:

Remaining compliant, while vitally important, uses up our personnel resources with a limited staff of ten at Oak Trust Credit Union. In no way are we implying that focusing on compliance isn't necessary or needed, but it does divert attention, resources, training, and time away from creating our key differentiator. We could be using these resources to increase the Credit Union's profitability.

Reputation:

Credit Unions are in business to offer loans with lower interest rates and deposit accounts with higher dividends to our valued membership. Our focus is to build new relationships with potential members within our community .Our team accomplishes this through volunteering with non-profit organizations, and sponsoring community events. Oak Trust Credit Union's highest priority is to exceed our members' expectations of member service and with 51 years of proven service behind us we know we have, but we strive for improvement on a daily basis. Can credit union's effectively "focus" on both, Member Service and Compliance?

Determining the costs:

To determine the cost of compliance we reviewed the last 12 months of our expenses. The costs were then broken down monthly, to provide more accurate data for the Income Statement. Employees responsibilities were reviewed and the amount of their work day relating to compliance in relation to all their other rolls and how it impacts the program.

Over all findings:

Oak Trust Credit Union currently has a staff of 10 employees so everyone is very involved in ensuring the credit union is compliant. Staff time was allocated by the position currently held:

Director of Operations: 90% of salary, position involves: compliance officer, training staff on compliance related items, lending and collections, indirect lending, debit and credit cards.

Management: 30% of salary, positions includes CEO, CFO, accounting manager and branch manager (Financial Services Officer)

Product Support Specialist: 25% of salary, position involves title tracking, forced placed insurance tracking, debit, credit card disputes, and collections above 120 days delinquent.

Financial Services Representatives: 25% of salary, responsibilities includes lending, IRA's and teller transactions, membership account opening.

Financial Services Associates: 10% of salary, position involves membership account opening, lending applications, teller transactions.

Oak Trust Compliance Costs

	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Salaries	17,151	16,590	17,151	17,151	16,590	17,151	16,590	17,151	17,151	15,484	17,151	16,590
State Examination Fees	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178
Check System	150	150	150	150	150	150	150	150	150	150	150	150
Credit Reports	33	33	33	33	33	33	33	33	33	33	33	33
990/990T	9	9	9	9	9	9	9	9	9	9	9	9
945/941	33	33	33	33	33	33	33	33	33	33	33	33
1098/1099	42	42	42	42	42	42	42	42	42	42	42	42
Child Support Reporting	92	92	92	92	92	92	92	92	92	92	92	92
OPAC	10	10	10	10	10	10	10	10	10	10	10	10
All NMLS Fees	34	34	34	34	34	34	34	34	34	34	34	34
Attorney's	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384	1,384
League & Cuna Dues	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158
CUNA Bond - Less P & C	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522	1,522
Seminar's for Compliance Staff	229	229	229	229	229	229	229	229	229	229	229	229
Ascensus Fees	207	207	207	207	207	207	207	207	207	207	207	207
CUNA Forms and Licensing	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013	1,013
Prime Alliance	29	29	29	29	29	29	29	29	29	29	29	29
Desmond and Ahern	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581
Quarterly Statement Costs	183	183	183	183	183	183	183	183	183	183	183	183
IL Management Association	8	8	8	8	8	8	8	8	8	8	8	8
ATM Accessibility	444	444	444	444	444	444	444	444	444	444	444	444
Visible Equity	280	280	280	280	280	280	280	280	280	280	280	280
Total	27,770	27,209	27,770	27,770	27,209	27,770	27,209	27,770	27,770	26,103	27,770	27,209
Total Operating Cost	159,618	157,835	157,252	159,794	158,851	156,612	156,711	157,635	157,835	155,986	159,994	159,455
% Compliance / Operating Cost	17.3%	17.2%	17.6%	17.4%	17.1%	17.7%	17.4%	17.6%	17.5%	16.7%	17.4%	17.0%