



Where Credit Unions  
Come to Grow



Summer 2019

**2020 Summit Set for Austin!**

**2020 CU STRATEGY  
SUMMIT**   
APRIL 19-21, 2020 | WESTIN AUSTIN DOWNTOWN



***More sessions. More strategies. More ways to help you grow.***

From April 19-21, the [2020 CU Strategy Summit](#) will take place in exciting Austin, Texas. Home to a thriving tech industry and the University of Texas' flagship campus, Austin's popularity as a meeting destination has sky-rocketed over the last decade.

What comes to mind when people talk about Austin is usually the music scene. But that's not the only reason it has become so popular among business and vacation travelers alike. The capital of Texas is also home to world-class museums, unique shopping and spectacular outdoor spaces. You can just as easily spend your morning paddling the lake as you can strolling through a vibrant history museum. Its many parks and lakes are popular for hiking, biking, swimming and boating. South of the city, Formula One's Circuit of the Americas raceway has hosted the U.S. Grand Prix.

Here are links to what there is to see and do in Austin:

[Trip Advisor Top 10 Things to do in Austin](#)

[17 Reasons Why You Should Visit Austin](#)

Mark your calendar for the [2020 CU Strategy Summit](#) and watch for more details in an upcoming issue.

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## Platinum Sponsor Spotlight



### Consider a Customized Disability Policy

**If you are in good health, disability insurance may not be high on your list of financial priorities. But the statistics might surprise you. A 50-year-old has a 36% chance of experiencing at least one disability lasting 90 days or more before reaching age 65.<sup>1</sup>**

Less surprising, perhaps, is that older people often take longer to recover from a serious disability. A 55-year-old who experiences a 90-day disability has a 60% chance of it lasting for at least five years.<sup>2</sup>

Even if you have a solid emergency fund, an extended period away from work could strain your family finances and alter your options for retirement.

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#### LEADING CAUSES OF LONG-TERM DISABILITY CLAIMS



Source: BenefitsPro, May 17, 2018 (2017 data)

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#### Portable Individual Coverage

If you're concerned about the potential effect of losing your paycheck due to sickness or injury, you might consider an individual disability insurance policy. Your employer may offer long-term disability coverage, but group plans typically don't replace as large a percentage of income as an individual plan could, and benefits from employer-paid plans are taxable to the employee if the employer paid the premiums. Of course, if you change jobs, you might lose your subsidized employer-based coverage.

An individual disability income policy could help replace a percentage of your income, up to the policy limits, if you're unable to work due to illness or injury. Benefits may be paid for a specified number of years or until you reach retirement age. If you pay the premiums yourself with after-tax dollars, benefits are usually free of income tax.

#### Customizing Coverage

Unlike group policies, an individual policy can generally be customized to meet your specific

needs. Here are some common riders. All benefits are up to the policy limits.

**Residual benefit** — May help replace lost earnings after you return to work part-time or at a lower-paying job.

**Own occupation** — Determines a disability by your inability to perform the duties of your specific occupation or profession, as opposed to being unable to work in any occupation.

**Automatic benefit enhancement** — Provides an annual benefit increase each year for a period of years to help keep up with increased earnings. Your premium will also increase.

**Future increase option** — Allows you to increase benefits (for a higher premium) without medical underwriting.

**Cost-of-living adjustment** — Adjusts the amount of monthly disability benefits each year during the disability.

Disability premiums are based on your age, gender, occupation, and the amount of potential lost income you are trying to protect, as well as the specifics of the policy and any additional benefits that are added.

(1–2) 2018 Field Guide, National Underwriter

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## Looking to Connect with Like-Minded CEOs?



### Join NCCU's CEO Listserve

Whether you're looking for feedback on a product or service, or want input on a new strategy the NCCU Listserve is a great resource. There is no account setup or login required to join the listserv. It's as simple as sending an email to [ncpcu@ncpcu.org](mailto:ncpcu@ncpcu.org) with "Subscribe Listserv" in the subject line. Once subscribed, you'll receive a welcome email with instructions and usage guidelines.

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## Should I Outsource My Data Analytics Needs to a Third

## Party?

When considering whether or not a credit union should outsource the ever-growing demand for data analytics services, there are a few things to keep in mind. First of all, credit unions, no matter their size, can benefit from implementing a data analytics strategy. In the current market, credit unions need to stay ahead of the demands of their members by ensuring their solutions, product offerings, and marketing efforts are relevant and timely. Since the institution already has the information, it is simply a matter of defining and implementing the right strategy that will mobilize that information into effective tactics.

So how does an institution go about building that strategy when resources are unavailable? One option is to outsource functions to a third party vendor. Let's consider some of the pros and cons of engaging a third party in this process. First, the cons.

- The credit union would not be the sole manager of certain business functions.
- The credit union adds some risk if the third party company were to file for bankruptcy, which could lead to services being halted, needing to employ legal counsel, and/or other issues.
- Engaging with a vendor that does not have appropriate controls in place can expose the credit union to significant information protection risk.
- The culture of the third party company may not align with the credit union causing friction.

While these are significant considerations to take into account, let's consider the pros before making a judgment.

- Considering the cost associated with data analytics services, engaging a third party could release capital for investment elsewhere in the credit union.
- By partnering with a vendor, the credit union is likely to save on research, development, marketing, and distribution expenses.
- The credit union could avoid having to hire additional people to support the initiative.
- Bringing on a third party can allow the credit union to focus on what they do best – offering relevant financial solutions and services to its members.

In conclusion, while there are risks to take into consideration when engaging a third party, the potential benefits and savings for the credit union exceed them. Conducting proper due diligence can equip credit unions with the information necessary to effectively evaluate potential third party partners. This step is critical in determining whether a vendor can meet a credit union's data analytics strategy needs.



Article provided by [Franklin Madison](#). For more like this, visit Franklin Madison's [blog](#) online.

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## Industry Updates

Follow the links below to get the latest news, trends and industry insights affecting your credit union:

## **Credit Union Trends**

[Why the credit union industry needs small credit unions to stay](#)  
[Digital IDs Will Make Card Payments & Cash Transactions Irrelevant](#)  
[Should Credit Unions Focus on Member Acquisition or Attrition?](#)

## **Economy**

[Senate passes debt ceiling, budget deal](#)  
[The Role of Credit Unions in the Student Loan Crisis](#)

## **Fraud Prevention**

[NAFCU's Cybersecurity Resources Help CUs Navigate Changing Times](#)  
[August 2019: Credit Union Cybersecurity Tip of The Month from the OGO CISO Office](#)  
[Mobile fraud: More than 50% of high risk transactions originating from mobile](#)

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