



April 4, 2022

Ms. Melane Conyers-Ausbrooks
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Re: Succession Planning; RIN 3133–AF42

Dear Ms. Conyers-Ausbrooks:

The Indiana Credit Union League (ICUL) appreciates the opportunity to submit remarks on NCUA's proposed rule on succession planning. The ICUL member credit unions represent 99% of assets and members of Indiana's credit unions, with those memberships totaling 2.8 million consumers.

NCUA's proposed succession planning rule is intended to ensure federal credit unions (FCU) have a viable succession plan in place to fill key positions so they can provide continuity of operations. These include officers of the board, management officials, executive committee members, supervisory committee members, and (where provided for in the bylaws) the members of the credit committee.

The ICUL agrees with NCUA that succession planning is very important for the credit union industry and the lack of succession planning can attribute to mergers. We recognize that much of this proposal is important and beneficial, we believe that succession planning should be addressed through guidance rather than through regulation, which carries a higher compliance burden.

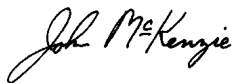
Regulatory burden can be a contributing factor in credit union mergers as well. We repeatedly hear from credit unions that regulatory burden is overwhelming, and the burden is disproportionate to smaller credit unions. In the Supplemental Information to the proposal, it states that NCUA is most concerned about smaller credit unions (less than \$50 million in assets). While we believe regulatory burden is an issue for credit unions even larger than that, credit unions of this size are continually stretched in areas such as operations, lending, member services, human resources, compliance and so on. When looking at Indiana credit unions, those with less than \$10 million in assets have fewer than two full time equivalent employees (FTEs), and Indiana credit unions between \$10-\$50 million in assets have approximately six FTEs. The reality is that these credit unions have big demands on their time which is spread over very few staff members, and the succession planning proposal would add to their responsibilities with unspecified results. Typically, with credit unions of this size, a successor employee is someone who is not currently on staff. When it comes to volunteer board members and committee members, it is an ongoing challenge to find available, qualified people to fill these roles. In today's high demand society, much time is already devoted to searching for qualified individuals without the proposed mandates in place. Adding more mandates and associated activities to fulfill them would take the credit union's focus away from the member-driven task(s) at hand with unknown results.

ICUL appreciates NCUA's intent to strengthen credit unions' current succession planning efforts; however, we believe the industry would be better served through guidance, tools, education and materials, financial support, etc. Specifically, we believe credit unions would benefit from recruiting assistance, resources to help retain individuals who are strong performers in these critical areas, and a variety of educational tools to help credit unions manage operations and member service with the small staff sizes that are the norm. Knowing that smaller credit unions will most likely be looking externally for succession and with the current employment market being challenging, it is even more important that NCUA, and the credit union industry focus on solutions to these overwhelming challenges. The proposal identifies the challenges, but it adds unnecessarily to credit unions' compliance burden without offering any true solutions.

The ICUL understands the proposal provides FCUs with broad discretion on how to implement the requirements; however, we do not believe the proposal will lead to fewer mergers among credit unions. We believe credit unions would be better served by guidance, and resources specific to solving the challenges they face.

The ICUL appreciates the opportunity to comment on the succession planning proposed rule. If you have question about our letter, please do not hesitate to give me a call at (317) 594-5320.

Sincerely,

A handwritten signature in cursive script that reads "John McKenzie".

John McKenzie
President, Indiana Credit Union League