

Staying Competitive On Employee Benefits

by [Steve Brown](#)

Many people have probably seen or heard about therapy dogs that provide warmth and affection for sick people. You may not know, however, about a town in OH that recently made headlines for telling a veteran of the Iraq War that he couldn't keep his pet ducks for comfort and physical therapy. It may sound at first like a farce, but in this case the situation was certainly real. In the vet's defense, there is a history of ducks being used productively for therapy in nursing homes, schools and special education classrooms across the country.

Before you go flying off the handle about this story, consider that in the same way not every dog is cut out for therapy work, not every duck is a good candidate either. Among other things, the duck in question has to have a good temperament, enjoy being petted and have the ability to ignore disruptions. We are not sure the AFLAC duck would qualify.

In banking, there are standard qualifications and characteristics viewed as crucial for good bank employees, as well as how to reward them appropriately. As compensation planning season is upon us and we head for year-end, community banks across the country are starting to think about pay levels, benefits, reward programs and policies for the upcoming year. As you are going through this process, we wanted to call to your attention two recent surveys that shed light on employee thinking. Both of these research studies suggest that banks need to remain competitive not just on salary, but also on benefits if they want to attract and retain their best employees.

For starters, consider a new Fidelity Investments survey that shows an increasing number of workers are considering the availability of a company stock plan when assessing employment prospects. When asked about the importance of company stock plans as part of their comp and benefits package, 86% of respondents under the age of 40 said they would want their new employer to offer a company stock plan if they changed jobs. Notably, 40% of respondents across all ages said a company stock plan is a "must have" when making a decision to change employers and 37% said having to give up their company stock plan would make it harder for them to leave their current job.

Indeed, it would seem that company stock is more than just an incidental benefit for the majority of employees. According to the Fidelity study, 57% of workers polled said equity compensation plans contribute to their feeling loyal to their employer and 54% said their company stock plan "provides an incentive to work harder and be rewarded for the company's performance."

Another area to think about when considering compensation packages is retirement benefits. These are also apparently very important to today's workers. According to new research from Transamerica Center, 76% of Millennials and 81% of Gen Xers say that retirement benefits offered by a prospective employer are a major factor in their decision to accept a job offer. Meanwhile, 67% percent of Millennials and 58% of Gen Xers said they would be likely to switch employers for a nearly identical job with better retirement benefits.

There are, of course, scores of other benefits that employees rate dearly, so it behooves banks to continually seek them out so you have happier, stickier workers. When considering which ones employees will value most as you work to keep your bank competitive, keep in mind that if it looks

like a duck, walks like a duck and quacks like a duckit probably is a duck (even if it may not be 100% therapeutic).

BANK NEWS

M&A

Crestmark Bank (\$521mm, MI) will acquire equipment leasing and asset management company TIP Capital (MI) for an undisclosed sum. The move expands Crestmark's equipment leasing business.

Branch Sale

Bank of America will sell 9 branches in NC to First South Bank (\$711mm, NC) for an undisclosed sum. The BofA branches hold \$261mm in deposits as well as small amount of loans.

Branch Sale

Citibank will sell 41 branches in TX to BB&T (\$184B, NC) for a 5.3% premium. The branches have \$2.3B in deposits and follow an earlier transaction between the two companies last year of 21 branches.

Rate HikeTiming

Fed Dallas President Richard Fisher said in a recent interview that he thinks the economy is nearly ready for gradual rate increases, commenting that he feels "the calendar has been moved forward" in his opinion.

More Saving

Research by the Fed finds households have \$2.15T sitting in savings accounts - about a 50% increase over the past 5Ys. The research indicates that following the crisis, people are much less willing to spend money.

More Borrowing

In good news for the economy and bankers, the latest Thomson Reuters/PayNet Small Business Lending Index finds small business borrowing in July jumped to the highest level in 7Ys.

Less Income

The FDIC reports annual deposit account fees have declined 21% from 2009, pushing deposit account fees as a percentage of noninterest income to about 14% - an 18% decline over the same period and the lowest level since 1942. Stringent regulations and more customer usage of mobile and online are the primary reasons for the decline.

More Lending

A survey of small business CEOs by the Wall Street Journal and Vistage finds 51% plan to increase capital spending vs. 42% at the same time last year. This is a new record level and signals that businesses are starting to move into growth mode.

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