



NEW YEAR



EDITION

 **NCUA** – The final adjournment of the 115th Congress meant that the nomination of Rodney Hood to return to the NCUA board ended as well. Hood, who never was afforded a confirmation hearing can be re-nominated by the Trump administration and it is expected that this will occur fairly quickly. The other open seat — the “Matz seat” — still has not been filled and this nomination will have to go to a Democrat. To add further intrigue to the situation, Chairman McWatters’ term is set to expire in August which would mean that all three seats could be open at the same time. Similar to the situation involving Board member Metsger, the Chairman would “hold-over” if his successor is not nominated before his term expires.

What impact might this have on NCUA operations? Under normal circumstances, a new member joins the Board with two more experienced veterans — one member who has been there for at least four years and another member who has been on the Board for at least two years. This unique situation could mean that all three members might join at the same time leading to a lack of institutional memory and inexperience at the Board level. The return of Rodney Hood would help alleviate some of this concern. His previous service on the Board would be helpful in being able to navigate agency business on Day 1.

 **CONGRESS** - With Democrats in control of the House and Republicans controlling the Senate, the most effective way to pass legislation is through compromise. How much each side is willing to give will determine what gets done over the next two years. As was reported here last month, Democrats will need to provide a track record to voters in 2020. The electorate will ask the question, “what have you done for me lately?” If there is true legislative advancement, Democrats will be positioned to maintain control of the House while putting the Senate and the White House in play. However, if the next two years produces more of the same gridlock, the voters can’t be blamed if they “throw the bums out.”



**WHITE HOUSE 2020** - It's less than 660 days until the 2020 Presidential election...but, it's a little more than a year from the February 3, 2020 Iowa caucus. With that in mind, let's handicap the top 10 potential Democratic nominees:

1. **VP Joe Biden** - he would be 78 years old on Inauguration Day 2021, making him the oldest President to take office, but Biden remains the Democrat with the best resume and the best temperament to challenge President Trump;
2. **Beto O'Rourke** - although he lost his Senate race against Ted Cruz, O'Rourke is the freshest face in the Democratic mix. He is energetic and can motivate younger voters who will be a key to a Democratic win. A Biden/Beto ticket might be in the making;
3. **Sen. Amy Klobuchar** - she came off as even-handed and calm during the Kavanaugh hearings and her understated style will play well with middle America;
4. **Sen. Sherrod Brown** - even though Ohio is not the bellwether state that it used to be, Sen. Brown is the best option for the progressive wing of the party. His post as ranking member of the Senate Banking Committee will give him plenty of opportunities to influence policy;
5. **Sen. Bernie Sanders** - he might not be able to capture the magic of his upstart bid three years ago. His record will come under increased scrutiny and others may not take the "hands-off" approach that Hillary Clinton took in 2016;
6. **Sen. Elizabeth Warren** - she is the first of this list to officially announce an exploratory committee, but she may be damaged by the continued Trump attacks;
7. **Sen. Kamala Harris** - with her home state of California moving up their primary, Harris might be the beneficiary if she can stay in the race until Super Tuesday;
8. **Sen. Cory Booker** - his "Spartacus moment" may have helped raise his profile among Democratic voters. He is a dynamic speaker and has not seemed shy about being viewed as a potential presidential candidate;
9. **Former NY Mayor Michael Bloomberg** - one of the most interesting names on this list as he could probably self-fund his campaign and still have money left over. His positions on issues put him in the mainstream more than some of the others and his 2018 election day commercial reminded many of the Ronald Reagan "Morning in America" ad that helped propel his candidacy;
10. **Former Governor Terry McAuliffe** - wrote an interesting op/ed piece in the Washington Post where he advanced more moderate positions. McAuliffe has a resume and connections exceeded only by Biden. His ability to raise large sums of money would allow him to stay in the race longer than others.

**FIVE WORKPLACE PREDICTIONS** - What might influence your credit union in 2019? While the issues can be individual, these are some of the trends that might impact your office.

- **Benefits** - Parental leave for non-parents has been at the forefront of a number of benefits packages for the past few years. For those caring for an elderly parent, this would be a welcome relief.
- **Compensation** - Wage gaps between new and old employees could create issues of loyalty. With a tight labor market, credit unions may find that they have to pay more for new workers thus angering current workers. Pay transparency is also more common as is gender-pay-equity analysis.

**Privacy** - The increase in data breaches means that employees will insist on credit unions protecting their information. Employees will want the employer to have more control over how private data is protected.

**Office space** - Employees don't care for the open-office space design but it will most likely remain in place. The solution for temporary private space will be small conference rooms and phone booth-like pods that allow for small meetings and privacy.


**Tech** - Email is dead, long live messaging. For credit unions with less than 200 employees, email may be a waste and using a messaging tool like Slack or the new Office 365 product might be more productive.

**BA CONGRATS TO SWBC MORTGAGE** - Congratulations to SWBC Mortgage which was cited by National Mortgage News as one of the “Best Mortgage Companies to Work For” in their inaugural rankings. Kudos to Charlie Amato, Gary Dudley and Susan Stewart.

**BA HEALTHCARE PROVIDER NETWORK CONUNDRUM – SOLVED!** - One of the perpetual problems when switching health plans and provider networks is the disruption it causes many employees in seeking continuity of care from the same physicians. It seems just when they find a doctor they like...they are out-of-network for the new plan. Good news! Our healthcare plan has adopted a referenced-based pricing model, which offers employees the opportunity to select...and keep their healthcare providers. This means switching plans not only offers your credit union savings of up to 20%, it also eliminates the hassle of switching networks, a win-win for everyone.

If you're ready to start containing costs and lowering premiums, all while maintaining employee 'network' morale, email me and we'll get to work to help you stay ahead of the healthcare and provider network conundrum. Go ahead and take the first step by requesting a no-cost no-obligation health plan assessment and quote to review potential savings. email: [Geoff@BacinoAssociates.com](mailto:Geoff@BacinoAssociates.com).

**BA LOAN PARTICIPATIONS FOR SMALLER INSTITUTIONS** -- For the last several months, liquidity in the loan participation market has been growing tighter as loan-to-share ratios are hitting all-time highs. Rising rates have eaten away at the premiums and servicing spreads enjoyed by sellers six months ago. One consistent challenge to both buyers and sellers has been unlocking the dormant liquidity at credit unions with less than \$250mm in assets. This results in approximately of \$12.7 billion in cash that remains idle on balance sheets. A solution has emerged with a cutting-edge technology platform that standardizes and simplifies the participation process, minimum purchase sizes and the corresponding barrier to entry for smaller institutions. Email me, [Geoff@BacinoAssociates.com](mailto:Geoff@BacinoAssociates.com) if you'd like to learn more.



**Your Vision.  
Our Mission.**

*SWBC can help your credit union with  
a wide range of financial and  
insurance solutions*

Risk Management | Income Generation | Business Solutions | Technology

