

From: [C. Alan Peppers](#)
To: [Regulatory Comments](#)
Subject: Alan Peppers Comments on "Notice of Proposed Rulemaking for Incentive-based Compensation Arrangements"
Date: Tuesday, May 31, 2011 4:03:50 PM

Thank you for the opportunity to convey thoughts and concerns regarding the proposed rule on Incentive-Based Compensation Arrangements. While we support the concept of strengthening incentive compensation practices by better aligning employee rewards with longer-term institutional objectives, we do not support doing this through regulation. Credit unions have not engaged in the types of practices the proposal seeks to address.

Guidelines, instead of regulations, could be issued for credit unions, even if other regulators issue a regulation for the entities they regulate. There is no record of abuse within the credit union system regarding executive compensation.

Of further concern is subjecting smaller credit unions to standards that only apply to the largest banks. In the proposed regulation, we urge the NCUA to consider the same standard of the \$50 billion threshold that the FDIC has used for imposing special requirements.

Determining the amount of executive compensation is the responsibility of the credit union's Board of Directors, rather than a regulatory agency. A regulatory agency should evaluate whether an incentive-based plan presents excessive risk to the financial institution, and not determine whether compensation is excessive. Boards are expected to establish levels of compensation appropriate for the size, complexity and performance of the credit union.

Requiring NCUA approval of a credit union's incentive structure annually could impair a credit union's ability to recruit top talent, due to the uncertainty of whether the NCUA will approve the plan the next year. For employee stability, once approved, the program should not require annual NCUA approval, unless it has changed.

We strive to focus on serving our members' financial needs. Increased regulatory burden pulls resources from this mission. Thank you for the opportunity to comment on the proposed rule. If you have any questions, please do not hesitate to contact me.

Sincerely,
C. Alan Peppers
President/CEO
Westerra Credit Union