

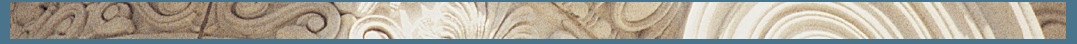


M Benefit Solutions
Bank Strategies®

An M Financial Group Company

THE BOTTOM LINE

EXECUTIVE AND DIRECTOR BENEFITS AND BOLI



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HIGHLIGHTS OF THIS ISSUE

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FIVE PAY PRACTICES OF GROWTH-ORIENTED BANKS

The VisionLink Advisory Group

If you lead an ambitious, growth-oriented bank, you likely struggle with some part of your pay strategy. Maybe you're comfortable with your salary structure, but your annual bonus is ineffective. Or perhaps you've delegated the formation of your compensation approach to human resources—and are not feeling like it's headed in the right direction. It could be you feel your overall pay structure is solid enough, but it's not helping you attract the kind of talent you're trying to bring in. In short, you don't feel there's alignment between compensation and the business model and strategy of the bank. As a result, you're feeling some pain.

The truth is that while this issue isn't uncommon, it has to be proactively addressed if the bank wants to succeed. It won't solve itself. It doesn't matter that it's hard and painful. Great organizations learn how to do it right. While pay plans may differ from one bank to another, there are some common practices they all follow to ensure they get the results they're seeking.

Here are five pay practices of successful, growth-oriented, banks:

1. THEY EMPLOY A PROCESS

Banks that don't have a formalized structure for addressing compensation issues and making decisions find inertia takes over and necessary improvements seldom get implemented. Effective organizations form a compensation committee, hold regular meetings, have a system of review and a process for making decisions. This is much easier if a philosophy has been defined and a structure has been built (see numbers two and three below). Successful banks apply an effective process for addressing compensation issues.

2. THEY HAVE A PHILOSOPHY

Organizations that have defined what they're willing to pay for make more effective decisions about rewards. A pay philosophy offers clear guidelines that informs all plan designs and ensures everything from salary grades to value-sharing plans and benefits are aligned with the business model and strategy of the bank.

3. THEY HAVE A STRUCTURE

A total compensation structure is essentially a pay "dashboard" that those responsible for rewards use to manage and balance the comprehensive strategy being pursued. It shows them all of the pay plans for which employees are eligible by salary grade. It ensures that no compensation decisions are made "in a vacuum" without considering their impact on the whole pay picture.

(Continued on next page)



4. THEY SHARE LONG-TERM VALUE

Because growth-oriented banks seek to attract growth-oriented talent, they recognize that top producers expect to share in the value they help create. So they implement long-term rewards plans to codify a financial partnership with those they expect to drive results and growth. Equity arrangements, phantom stock, stock appreciation rights, and performance unit plans are used to create a wealth multiple opportunity for all key stakeholders.

5. THEY MEASURE THEIR RETURN ON PAY

Banks committed to growth want to know that any deployment of capital or profit is improving shareholder value. As a result, they evaluate compensation as an investment and calculate a “productivity profit”—that part of their operating income attributable to the contribution of their people. They watch the trend of this ratio and ensure it is improving year to year.

When banks follow these practices consistently, they have greater confidence about how they are investing their compensation dollars and what they expect to get in return. There is higher trust in these organizations because employees understand the driving philosophy behind their financial partnership with the shareholders. That trust instills confidence and gives the bank the freedom to succeed.

This year, ICBA and M Benefit Solutions added compensation consulting to the existing Preferred Service Provider agreement, which also includes executive and director benefits consulting and bank-owned life insurance. Compensation consulting services help community banks link their business plans with a fair and consistent rewards program. For more information on compensation consulting, contact Russell McMillan (russell.mcmillan@mben.com; 503.414.7307).



TC LIFE ANNOUNCES BOLI PRODUCT OFFERING

M Financial’s Partner Carrier, TIAA-CREF Life Insurance Company (TC Life) recently announced a product offering for the BOLI marketplace. This offering is exclusive to M Benefit Solutions and other M Financial Member Firms and subject to restrictions. We are excited to offer the bank community access to BOLI issued by TC Life (S&P AA+ and Comdex 99). To learn more about TC Life’s product, please contact your M Benefit Solutions Advisor or email info@mben.com.



UPCOMING EVENTS

Webinar: Balancing Salary and Incentive Pay

SEPTEMBER 16, 2015

11:00 AM EASTERN | 10:00 AM CENTRAL | 9:00 AM MOUNTAIN | 8:00 AM PACIFIC

HOSTED BY M BENEFIT SOLUTIONS - BANK STRATEGIES

Joe Miller, Senior Compensation Consultant at VisionLink, will be leading a one-hour webinar that will focus on establishing meaningful rewards strategies that are both attractive and affordable for community banks. Topics will include compatibility of total compensation packages with the bank, tools to help benchmark salary rewards programs and eligibility and overall “look” of incentive plans. For more information, or to register, please click on the following link: <http://www.icba.org/events/eventdetail.cfm?EventID=554540>

2015 ABA Annual Convention

NOVEMBER 8–10, 2015

JW MARRIOTT LOS ANGELES L.A. LIVE; LOS ANGELES, CA

M Benefit Solutions - Bank Strategies is proud to exhibit at this year’s convention.



ADVISOR FIRMS

M Benefit Solutions - Bank Strategies is structured to provide our clients with consistent nationwide coverage. We have identified several Advisors with extensive experience in bank executive and director benefits and BOLI to provide consulting services to clients nationwide.*

Distributed throughout the country, these Advisors work with M Benefit Solutions and bank clients to design programs which meet each bank's specific needs and to ensure high quality administrative and compliance services.

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*These Advisors are associated with our Broker/Dealer, M Holdings Securities, Inc.

ABOUT M BENEFIT SOLUTIONS - BANK STRATEGIES

M Benefit Solutions - Bank Strategies, based in Portland, Oregon, is a division of M Benefit Solutions, a Subsidiary of M Financial Group. Please go to www.mfin.com/DisclosureStatement.htm for further details regarding this relationship. M Benefit Solutions is a recognized leader in the community bank executive and director benefits and BOLI marketplace. Through a network of firms located in key markets across the country, M Benefit Solutions - Bank Strategies helps banks attract, retain, and reward key executives and directors through the design, implementation, and administration of benefit programs that aim to maximize the use of a bank's financial resources. M Benefit Solutions - Bank Strategies is the Independent Community Bankers of America's (ICBA) Preferred Service Provider for executive and director benefits and BOLI. For more information, please visit www.mben.com/bank.

The information incorporated into this presentation has been taken from sources, which we believe to be reliable, but there is no guarantee as to its accuracy.

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ICBA preferred service providers are chosen by the ICBA Bank Services Committee. For details, please visit the following website address: <http://www.icba.org/pspl/>.



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