



**GAC 2019 EDITION**

**NCUA** – Rodney Hood and Todd Harper were reported out of the Senate Banking Committee on a voice vote and now head to the full Senate for final confirmation, which should most likely be a mere formality. Barring a truly unforeseen circumstance, both Hood and Harper should be seated on the NCUA Board before the end of the month. The Board will finally be at full strength...just in time to start worrying about Chairman McWatters’ term that expires in August.

Most likely, McWatters will have plenty of time since presidential election years tend to force both parties to put nominations on hold in anticipation of the election results. Democrats will be in no hurry to approve a Republican successor to the Chairman as they hope to win the White House in 2020 thereby turning the McWatters seat into a Democratic one. My prediction is that Chairman McWatters remains on the Board through 2021 should he choose to stay.

What issues will the Board tackle? A full Board allows for a more comprehensive review of the risk-based capital rule as well as a clarification on supplemental capital. In addition, both Hood and Harper pointed to a review of the agency’s expense policy in response to the front-page story in the Washington Post.

**FANNIE MAE/FREDDIE MAC** – In addition to approving Hood and Harper, the Senate Banking Committee also approved Dr. Mark Calabria to be the new Director of the Federal Housing Finance Board. Calabria is imminently qualified for this position and was an excellent choice.

Over the past few years, there have been a number of plans to address the Fannie/Freddie conservatorship issue. The recent letter from NAFCU CEO Dan Berger to the FHFA stating that housing reform was the “last piece of unfinished business from the financial crisis” was spot on. NAFCU further states that when any plan is considered, there must not be a financial advantage for large lenders at the expense of smaller institutions including credit unions.

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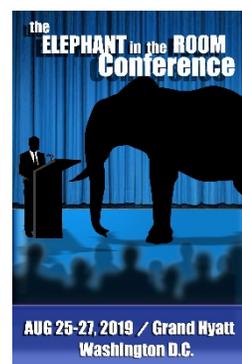
As Fannie and Freddie are the only two legitimate players in the market, there must be pricing parity for all institutions. A privatization plan that allows for discounts for larger lenders would be detrimental to credit unions.

**ELECTION 2020** - More and more Democrats are entering the field attempting to defeat President Trump in 2020 but the question still remains...“what do the voters want?” With Colorado Governor John Hickenlooper and Washington Governor Jay Inslee jumping in, it brings the list of declared candidates to 12 – Sens. Harris (CA), Sanders (VT), Klobuchar (MN), Warren (MA), Booker (NJ); Rep. Tulsi Gabbard (HI), former rep John Delaney (MD), former San Antonio mayor Castro, businessman Andrew Yang, and Course in Miracles author Marianne Williamson. Senator Gillibrand (NY) and South Bend mayor Pete Buttigieg have formed exploratory committees. Former VP Joe Biden and former VA Governor Terry McAuliffe are still mulling over a final decision.

No matter who decides to run, this will be one of the largest fields in Democratic history. There were 15 candidates in 1972 and 16 in 1976 and in both cases the Democrats nominated an outsider who wasn’t considered a front-runner (McGovern in 1972 and Carter in 1976.) If the field winnows quickly then the chances of getting a nominee outside the mainstream diminishes.

The Sanders factor will probably also be different during this election. In 2016, it was a binary choice for a Democratic voter – Hillary or Bernie. For those that weren’t excited about electing another Clinton, Sanders became the default (and only) option. This time through, there will be more than enough options for Democratic voters. And Elizabeth Warren, Sherrod Brown and Cory Booker have usurped the Sanders platform. It’s unlikely that Sanders will enjoy the same success, as he’ll have to navigate a larger and more diverse field.

**ELEPHANT? WHAT ELEPHANT?** – In conjunction with **Strategic Resource Management (SRM), Bacino & Associates** is proud to present the *Elephant in The Room Conference*, August 25-27 in Washington DC. Those topics that many consider off-limits will be addressed at this conclave, including “Me-Too: What Have We Learned?” How to Move Your Digital Offering From “Catch Up” to “Catch Me” “What Do I Do About Taxation?”, “Is Your Board Too Old and Too White?”, “Why You Must Care About How the Big Banks Handle Payments” and “Why Banks Hate Us”. This conference will be unlike any other that you have attended. To register, just go to: [elephantconference.com](http://elephantconference.com)



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**'TIL DEATH DO US PART** – It is often said that the only things certain in life are death and taxes. Although many credit unions employ professionals to assist in tax planning, that same credit union may not be doing enough to help members who have suffered a loss through death. When a family member dies, it can be a challenging event in a myriad of ways. Credit unions can ease the challenge of dealing with the decedent's financial accounts by ensuring that everyone working for the credit union has been briefed on how to handle this sensitive issue. Common responses – such as “I'm sorry for your loss” or “let us know what we can do to make this time easier for you” serve to remind the member's family that the staff is there for them. Being sensitive to the situation is the first step in dealing with the member's family.

It is also helpful to have a uniform policy that should be easily accessible to the frontline employee as well as the member. A brochure or pamphlet about the process would also be helpful. This checklist will ease the mind of the member's family when their thoughts are obviously elsewhere. This policy should include required documents, which is usually an original death certificate and driver's licenses for all beneficiaries. For accounts that become part of the estate, the executor or personal representative will also need to provide an original certified document from the court appointing that person as executor. Original documents should be given back to the executor.

Remember that this is a trying time for your members – try to be part of the solution, not part of a problem. If this situation is handled well, the member's family may choose to retain the relationship with the credit union.

**AWARDS SEASON** – Now that the Golden Globes® and the Academy Awards® have passed, it's time to recognize credit unions that have received national awards.

**Navy Federal Credit Union** - was recently cited as one of “**The Best Places to Work For**”.

While I continue to contend that this is not proper grammar – “The Best Places For Which to Work” would be grammatically correct -- it is still a great honor. (Full disclosure: my daughter Marissa works at NAVY Federal). Congratulations to Mary McDuffie and her staff!

**Alliant CU** - Congratulations are also in order for Dave Mooney and his staff at Alliant, based in the great state of Illinois. Money magazine has rated Alliant as the “**Best Credit Union in America**”.