Acumen *Insights*

IDEAS FOR LEADERS BUILDING WHAT'S NEXT

What If Greater Yield Didn't Mean Greater Risk?

Credit Union-owned life insurance (CUOLI) can expand the investment options available to credit unions—within a disciplined framework built around benefit obligations, risk tolerance and regulatory requirements.

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THE QUESTION

Are regulatory boundaries limiting investment opportunity—or simply defining where to look?

CUs operate within a highly regulated investment environment. But those boundaries don't necessarily eliminate opportunity.

Federal Credit Unions may use otherwise impermissible investments when directly related to qualifying employee benefit obligations and consistent with NCUA requirements.

CUOLI is one strategy that can expand investment options while helping fund employee benefits.

The opportunity isn't about working around the rules. It's about understanding what's possible within them.

Source: NCUA Regulation §701.19; NCUA Examiner's Guide

ONE ASSET. MULTIPLE JOBS.

CUOLI can combine:

Investment Potential
Access to a different set of investment opportunities.

Employee Benefit Funding
Helping fund employee benefits and executive compensation.

Key-Person Protection
Life insurance protection on key employees and executives

One asset can support multiple objectives—when aligned with the CU's obligations, risk profile and financial strategy

WHY CUOLI IS WORTH CONSIDERING

01 NON-TRADITIONAL OPTIONS

When tied to qualifying employee benefit obligations, CUOLI can provide access to investment structures that would otherwise be impermissible for federal credit unions.

02 DESIGNED WITH RISK IN MIND

CUOLI structures vary significantly. Product design, carrier strength, liquidity, credit exposure and interest-rate risk all matter when evaluating whether a strategy fits the institution.

03 MORE THAN AN INVESTMENT

CUOLI combines cash-value accumulation with life insurance protection on key employees, allowing one asset to serve multiple strategic purposes.

04 BENEFITS + PERFORMANCE

Investment performance can help offset qualifying employee benefit costs—connecting an existing financial obligation with a broader balance-sheet strategy.

THE BOTTOM LINE

The goal isn't to find a way around investment restrictions. It's to understand the full opportunity within them.

CUOLI illustrates how regulatory knowledge can expand strategic possibilities. But access doesn't make an investment the right investment.

Strong strategies pair opportunity with due diligence, governance and ongoing oversight.

Greater isn't about taking greater risk. It's about making more informed choices.

ONE QUESTION FOR YOUR NEXT LEADERSHIP MEETING

Is the institution seeing the full range of opportunities available within the rules?

Regulatory boundaries matter. So does understanding what's possible inside them.

The opportunity is to determine which available strategies truly belong on the balance sheet.