Acumen *Insights*
IDEAS FOR LEADERS BUILDING WHAT'S NEXT

Five Myths. One Missed Opportunity.

How misconceptions about Employee Benefits Prefunding may be preventing CUs from strengthening benefits, improving investment performance, and better supporting their people.

5-MINUTE READ | ISSUE 002 | CONNECT@ACUMENFA.COM

acumenfa.com

THE QUESTION

What if the biggest obstacle to improving employee benefits isn't regulation…

…it's misinformation?

Many CUs assume Employee Benefits Prefunding (EBP) is heavily restricted, too risky, or only practical for the largest institutions.

The reality is very different.

When structured correctly, EBP allows credit unions to strengthen employee benefits, improve long-term investment performance, and remain fully aligned with regulatory requirements.

5

COMMON MYTHS

are preventing credit unions from taking full advantage of Employee Benefits Prefunding

EBP HELPS CREDIT UNIONS

- maximize financial performance
- provide exceptional benefits to every employee
- stay compliant and aligned with your mission

WHAT LEADERS GET WRONG

MYTH #1

"We can only prefund up to 25% of our net worth."

REALITY

There is **no 25% limit** in NCUA Regulation §701.19.

Instead, it requires due diligence, documentation, and a direct relationship between investments and projected employee benefit obligations.

MYTH #2

"These types of investments are too risky."

REALITY

Risk isn't the enemy—uncompensated risk is.

Properly structured prefunding strategies use diversified investments within a compliant framework to improve outcomes while managing risk.

MYTH #3

"Only large credit unions benefit from EBP."

REALITY

EBP scales.

Whether you're a $100 million CU or a multi-billion-dollar institution, prefunding can help stabilize benefit costs, strengthen retention, and support long-term growth.

MYTH #4

"It's too complicated to manage or get approved."

REALITY

It requires **planning—not complexity.**

With the right strategic partner, compliance, Board education, documentation, and ongoing oversight, EBP can become part of a repeatable process.

MYTH #5

"Employee benefits are really just a cost center."

REALITY

Benefits are **one of your institution's most strategic investments.**

Great benefits help attract talent, retain institutional knowledge, and strengthen long-term organizational performance.

THE BOTTOM LINE

Employee Benefits Prefunding isn't about chasing returns.

It's about creating a smarter funding strategy for obligations your institution already carries.

By replacing outdated assumptions with informed strategy, credit unions can improve investment performance, strengthen employee benefits, and better support their people—without compromising compliance.

ONE QUESTION FOR YOUR NEXT LEADERSHIP MEETING

Which of these five assumptions is currently influencing our decisions?

Sometimes the greatest opportunity isn't changing your strategy. It's changing what you believe is possible.