



Compensation Philosophy



Measurement & Reporting
Effective February 1st, 2019



Terminology

The concept of a “compa-ratio” plays an important role in our compensation philosophy. A compa-ratio describes a co-worker’s actual base pay relative to “market pay” for a similar job. Market pay, in turn, is determined by aggregating many salary surveys from around the country and adjusting for differences in the local cost of living. In general, our policy is to pay co-workers not less than 80% and not more than 120% of market pay (The Executive range is 75% - 125%). Thus, a compa-ratio of 100% means that the co-worker’s pay is at the midpoint of the range.

The concepts of “Exempt,” “Non-Exempt,” and “Executive” job classifications also play an important role in our compensation philosophy. These concepts are defined below.

- **Non-Exempt:** A co-worker who is paid by the hour and eligible for overtime. A non-exempt co-worker’s pay range has compa-ratios of 80% (minimum) to 120% (maximum).
- **Exempt:** A co-worker who is paid an annual salary and not eligible for overtime. An exempt co-worker’s pay range has compa-ratios of 80% (minimum) to 120% (maximum).
- **Executive:** An exempt co-worker who is responsible for managing a core area of the credit union. An executive co-worker’s pay range has compa-ratios of 75% (minimum) to 125% (maximum).

Measurement & Reporting

Average Compa-Ratio per Job Classification		
		Number of Co-Workers
Non-Exempt	104%	109
Exempt	90%	40
Executive	88%	8

Average Compa-Ratio by Gender for Each Job Classification				
	Female	Number of Co-Workers	Male	Number of Co-Workers
Non-Exempt	106.81%	80	97.07%	29
Exempt	90.91%	28	90.09%	12
Executive	84.65%	2	89.90%	6

Note: The national data, on which compa-ratios depend, is not disaggregated by gender



Salaries Below Range Minimum

8

Note: Majority due to range changes and moving into new positions. Increase in 2019 will get these co-workers over the minimum. Please note that these 8 co-workers are all paid above the living wage for the geographical area.

Salaries Above Range Maximum

12

Note: Majority are co-workers in lowest paid positions and due to longer tenure.

Living Wage for Geographic Areasⁱ

Beaverhead County	\$10.82
Deer Lodge County	\$10.82
Granite County	\$11.09
Lake County	\$10.80
Missoula County	\$11.93
Ravalli County	\$11.21
Silver Bow County	\$11.40
MFCU Entry Level Wage	\$13.00

Multiple of the Highest Paid Co-worker to the Lowest Paid Co-worker

8.86

Note: Clearwater policy limits the base pay of the highest paid co-worker to no more than ten times the lowest paid co-worker.

Challenges in Attraction, Retention & Turnover Related to Compensation

Note: Attracting higher level lending positions, specifically home and commercial lenders. Low unemployment rate and increased competition on wage making it harder to compete for talent in general.

ⁱ <http://livingwage.mit.edu>

