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## TOTAL BENEFITS PRE-FUNDING

*Offset Rising Employee Benefit Costs with Potential to Increase Investment Income*

### INVEST IN NON-703-TYPE INVESTMENTS AS APPROVED BY THE NCUA

Federal credit unions (and state charters with approval) have the potential to increase investment income by investing in higher-yielding investments which are permissible with a Total Benefits Pre-Funding Account (TBPF). This can potentially offset employee benefit expenses and increase your Net Income and Return on Assets. Investments offering the potential for higher rates of return may also involve a higher degree of risk.

#### The Facts:

- ▶ Total Credit Union Employee Compensation and Benefit expense increased by 6.7% in 2019<sup>1</sup>
- ▶ Employee Compensation & Benefits accounted for 52% of operating expenses in 2019<sup>2</sup>
- ▶ Health benefit costs have increased 22% over the last five years<sup>3</sup>

#### Help Offset Rising Benefit Expenses by Investing in Potentially Higher-Yielding Investments

Madison Investments' Multi-Asset Solutions Team will develop a customized asset allocation given your risk tolerance, with an objective of generating additional investment income beyond your NCUA 703-permissible investments, potentially helping to offset rising benefit expenses.

### NCUA REGULATIONS

#### NCUA §701.19 Benefits for Employees of Federal Credit Union

(c) Investment authority. A federal credit union investing to fund an employee benefit plan obligation is not subject to the investment limitations of the Act and part 703 or, as applicable, part 704, of this chapter and may purchase an investment that would otherwise be impermissible if the investment is directly related to the federal credit union's obligation or potential obligation under the employee benefit plan and the federal credit union holds the investment only for as long as it has an actual or potential obligation under the employee benefit plan.

Madison Investments is an SEC-registered investment advisor and acts as a fiduciary on your behalf.

1, 2. 5300 Call Report Aggregate Financial Performance Reports - National Credit Union Administration. As of 12/31/2019.  
3. Kaiser Family Foundation, Employer Health Benefits Survey 2020




## WHY MADISON INVESTMENTS

As a registered investment advisor and fiduciary under the Investment Advisers Act of 1940, our sole focus is meeting the unique needs of our clients. With over \$19 billion in client assets under management, our firm has been managing individual security portfolios for more than 45 years.

Our Credit Union Solutions Team has decades of experience managing investments for financial institutions. Madison charges an asset-based fee with complete cost transparency.

Madison may act as a subadvisor on Total Benefits Pre-Funding accounts through CUNA Mutual Group's Executive Benefit Services.



For more information about  
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Gross assets under management, as of 12/31/2020.

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Any performance data shown represents past performance. Past performance is no guarantee of future results.

Non-deposit investment products are not federally insured, involve investment risk, may lose value and are not obligations of, or guaranteed by, any financial institution. Investment returns and principal value will fluctuate.

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