



The Credit Union Employee Benefits Authority



Credit Union Executive Guide

CAPTIVE STRATEGY FOR CREDIT UNIONS:

CUT HEALTHCARE COSTS, BOOST ROA

A Smarter Path Forward for Credit Unions

Employer health insurance costs are rising at the fastest rate in over a decade, with projected increases of 9.5% in the next year alone.¹ These cost increases continue to outpace inflation, straining operating budgets and eroding ROA. At the same time, pressure on credit unions to deliver stronger employee benefits packages is intensifying as competition for talent grows.²

This creates an uncomfortable equation for credit union leadership: healthcare costs are climbing sharply while competitive pressure to expand benefits intensifies. The combination of surging costs and heightened pressure to compete for talent leaves credit union leaders with shrinking room to maneuver as they try to protect margins.

Many credit unions rely on large national brokers to manage this challenge. However, big-broker models prioritize scale over the specific needs of mid-size institutions operating on tight margins. The outcomes are predictable: steady year-over-year increases, limited transparency, and benefits packages increasingly out of step with what employees actually need.

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Under the traditional broker model, credit union leaders face an increasingly untenable calculus with limited options: absorb more of the rising cost internally, pass a greater share of the burden onto employees, reduce the richness of benefits, or adopt some combination of all three. Each path undermines financial health, employee

morale, or both, and none addresses the structural problem of healthcare inflation outpacing margins.

Credit unions need a financial strategy tailored to their unique operating environment, rather than another benefits vendor. That is the role the Credit Union Healthcare Coalition (CUHC) was created to fill. By pooling risk exclusively among credit unions, CUHC enables a level of predictability and performance that traditional broker models and non-credit-union captives cannot match.

This white paper is not based on theory. It is a financial case study at scale, grounded in five years of historical data and the experience of credit unions across the country that participate in CUHC.

¹ Wall Street Journal, "Health Insurance Costs for Businesses to Rise by Most in 15 Years," <https://www.wsj.com/health/healthcare/health-insurance-costs-rise-6cclb934>

² Personiv, "New CFO PULSE Report Reveals Worsening Finance & Accounting Talent Shortage," <https://www.businesswire.com/news/home/20250430158205/en/New-CFO-PULSE-Report-Reveals-Worsening-Finance-Accounting-Talent-Shortage>

The results demonstrate measurable financial impact: Participating credit unions, on average, save 27% on health plan premiums.³ For many, costs have actually declined year over year, reversing a trend that most executives have come to assume is unavoidable. And in some cases, participants are spending less per employee today than they did when they joined.

This white paper will examine CUHC’s proven record of performance, explain why a credit union-only captive creates structural advantages, and demonstrate how credit unions are turning employee benefits from a budget line item into a strategic lever for growth.

For leaders charged with protecting margins and fueling growth, CUHC offers a smarter path forward.



Being part of The Alliance gives you access to others who think the same way, face the same issues, and are willing to share what’s working. It’s a unique opportunity to build something better, together.

KRISTIN P. VANBEEK

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-  **Website:** <https://www.rfcu.com>
-  **Location:** Massachusetts
-  **Branches:** 9 branch locations
-  **Members:** 190,946



CUHC at a Glance



Year Established

2020



Lives Covered

5,000+



Total Premiums Returned

\$4M+



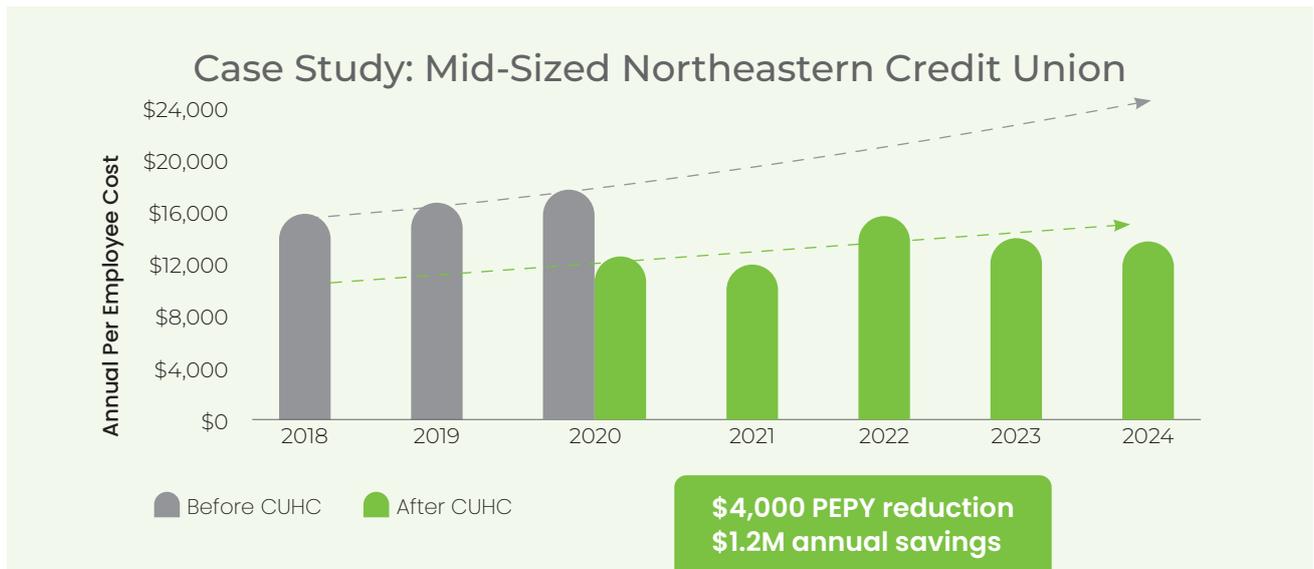
Average Savings per Employee

\$2,800

³ Credit Union Healthcare Coalition (CUHC) internal data.

Proven Performance Backed by Five Years of Data

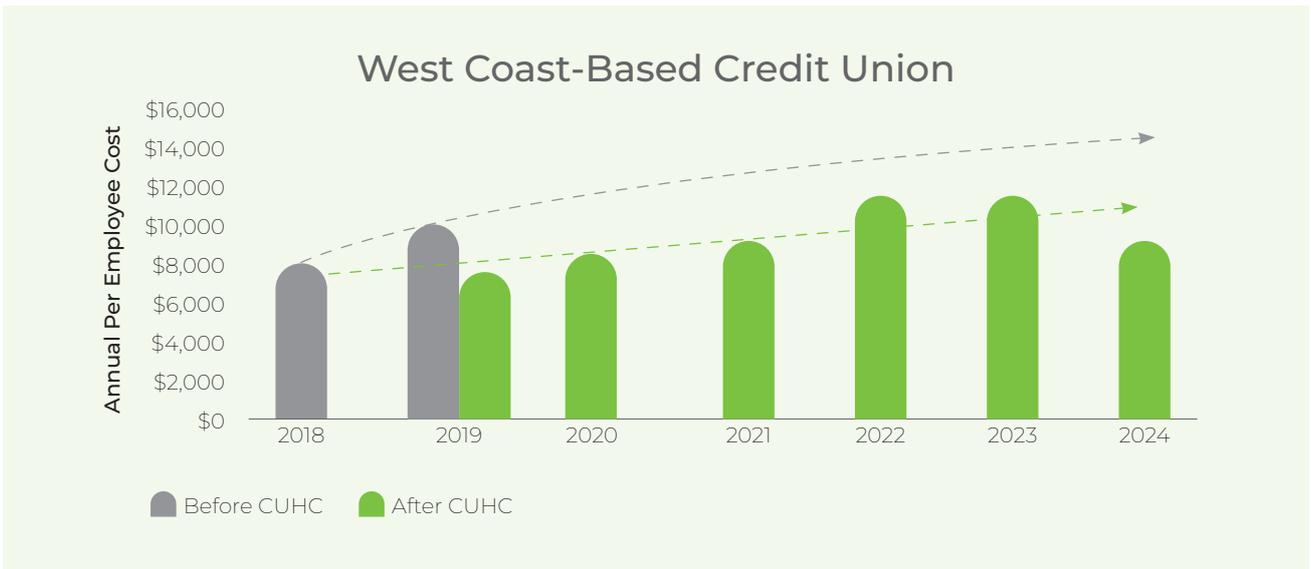
The Credit Union Healthcare Coalition (CUHC) is a proven model with a performance record of over five years, demonstrating a sustained reversal of the typical healthcare cost trajectory. Instead of the steady upward climb typical in traditional broker-managed plans, participating credit unions have seen their per-employee healthcare costs stabilize or even decline.



Consider the above example of a Northeastern-based credit union with approximately 300 employees. Before joining CUHC, the organization was aligned with one of the nation's top 10 brokers. Yet despite the broker's scale and reputation, annual costs continued to escalate.

After moving into the Coalition, however, the financial impact was immediate and sustained. Over the past five years, costs declined by roughly \$4,000 per employee annually, resulting in a total annual savings of \$1.2 million for its 300-person workforce. Those savings can be redirected toward employee compensation, technology investments, or member services. Importantly, five years later, this credit union is still paying less per employee than it did before joining the Coalition.

The outcome above is not an outlier. Notably, this outcome aligns with the performance pattern of CUHC participants nationwide.



A second case study reinforces this pattern, underscoring the consistency of CUHC’s performance. Like its Northeastern counterpart, this West Coast-based institution left a national broker after years of seemingly endless cost increases.

After joining the Coalition, the credit union’s per-employee costs tracked on a markedly lower trajectory than they had under its national broker. They stabilized at a significantly lower level than the projected broker-managed path, resulting in consistent annual savings.

These cases demonstrate a repeatable outcome: across regions, CUHC participants achieve sustained improvements in healthcare cost management. Instead of being trapped in the cycle of year-over-year increases, these credit unions are working together to reshape their cost curves.



The Power of a Credit Union-Only Captive

Captives themselves can be powerful tools for controlling healthcare costs, but only when they are properly designed and implemented. CUHC is the only healthcare captive in the country designed exclusively by credit unions for credit unions. This exclusivity creates structural advantages that generic captives cannot match.

Already covering more than 5,000 lives and growing, CUHC is purpose-built around the credit union operating model, pooling risk only among peer institutions, aligning incentives, and avoiding the structural flaws that plague generic or multi-industry captives.

Captives are sometimes perceived as risky, and in many cases, that reputation is deserved. Poorly designed captives, particularly those constructed to maximize broker revenue, can expose participants to unnecessary risk and volatility. CUHC, however, mitigates that risk by combining tiered safeguards with strict compliance requirements for all participants. The result is a captive model that reduces exposure rather than amplifies it.

In CUHC's model, risk is layered. Each credit union retains responsibility for routine claims, the Coalition absorbs mid-sized claims through its captive pool, and stop-loss coverage protects against catastrophic outliers. This structure ensures stability while limiting exposure.

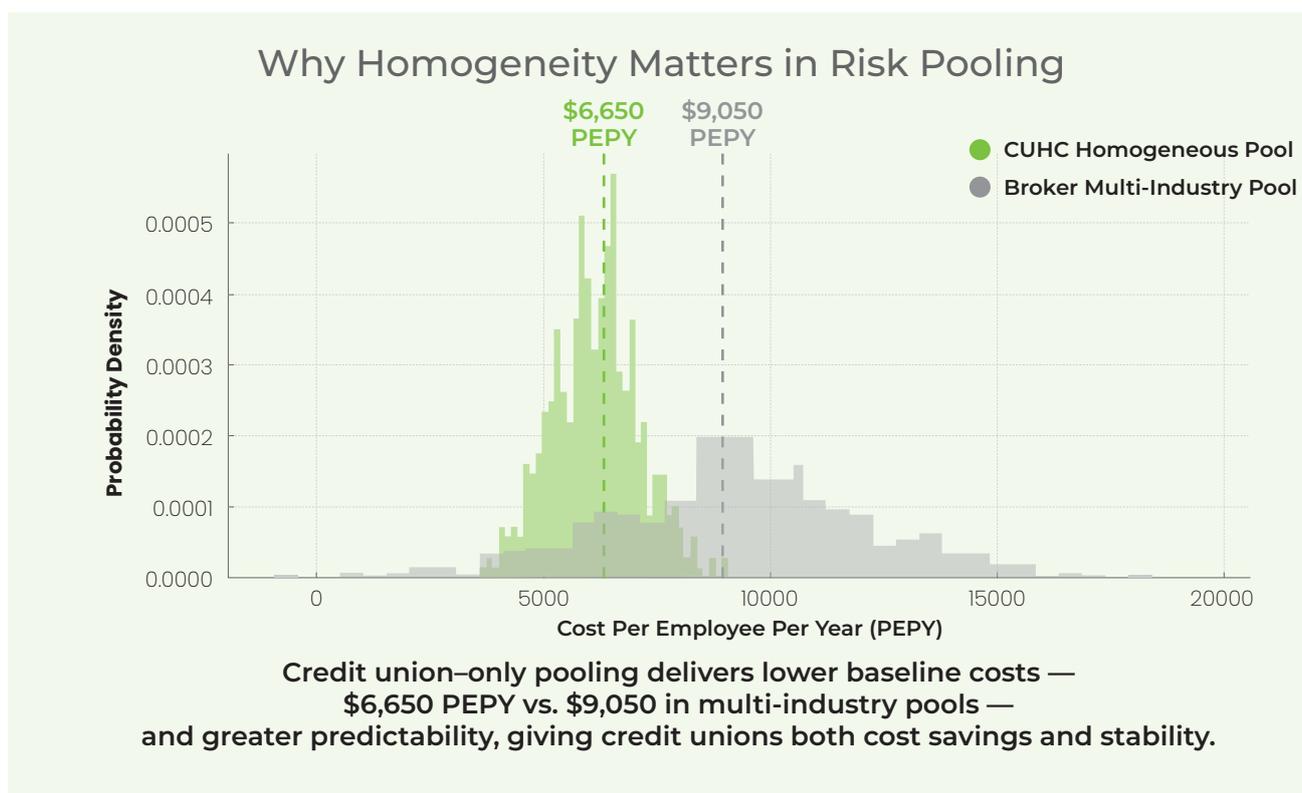
How Large Claims Work in the Captive.



Layered risk protection: Credit unions cover small claims, the captive absorbs mid-level claims, and the insurance company covers catastrophic losses.

However, many captives fail to deliver comparable performance or meaningful predictability. Many national brokers market “captive” solutions that are poorly conceived, combining disparate employers, masking hidden fees, or shifting risk without providing meaningful control. CU Benefits Alliance has helped credit unions exit these arrangements and transition into CUHC, where incentives are transparent and aligned with the credit union’s long-term goals.

The Coalition’s advantage lies in both its structure and its homogeneity. By pooling only credit unions, CUHC benefits from a workforce that is demographically consistent: educated, younger, and white-collar. That consistency reduces variance in claims, making outcomes far more predictable and lowering long-term costs.



In contrast, heterogeneous captives, which often include high-risk pools in industries like construction and manufacturing, dilute those advantages and amplify volatility. When claims arise in those higher-risk sectors, the impact spreads across the entire pool, driving up costs for every participant, including credit unions that would otherwise enjoy stable, predictable trends. Instead of insulating themselves, credit unions end up subsidizing risk they don’t share, undermining both the financial and strategic purpose of joining a captive in the first place.

For credit unions, CUHC’s credit union-only model offers a structurally superior solution: a captive designed for stability and predictability, with credit unions’ interests at the center. Its alignment with the cooperative values of transparency, shared benefit, and long-term stewardship ensures that healthcare spending supports both employees and the mission of serving members.

Turning Benefits from an Expense into a Strategic Advantage

For most employers, healthcare is treated like any other budget line item: a substantial but unavoidable cost that rises year after year. For credit unions in CUHC, however, healthcare is managed strategically, in recognition of its status as one of the top expenses of most organizations. Instead of being accepted as a fixed liability, it is treated as a controllable lever that generates both savings and competitive advantage.

That advantage shows up in four distinct ways:

01

Reinvesting in Growth and People

On average, CUHC participants save 27% compared to traditional health plan costs. That translates into a savings of \$270,000 per year for every \$1 million in annual premium.⁴

Every dollar not spent on escalating premiums can then be redirected to other areas. Credit unions in CUHC have used savings to raise employee compensation, strengthen benefit packages, modernize technology platforms, and expand member services. This reinvestment translates into a tangible competitive edge in both operations and talent.

02

Recruitment and Retention Advantage

With premiums reduced through CUHC, credit unions have the flexibility to enrich benefit packages by lowering deductibles, reducing employee contributions, or adding supplemental health and wellness programs, for example. The strategic impact of this flexibility becomes clear when considering how much more employees value healthcare benefits compared to other forms of compensation.

Healthcare benefits consistently rank among the most valued forms of compensation. According to SHRM's 2024 survey, 88% of U.S. employers say healthcare benefits are very or extremely important to their workforce, more than virtually any other component of total compensation.⁵ Similarly, a Forbes study found that 67% of employees ranked employer-paid healthcare as the top benefit in their compensation package, often even above a higher base salary.⁶

For credit unions competing against larger banks and public employers, stronger benefits help close the compensation gap and position them as employers of choice within their communities.

⁴ Credit Union Healthcare Coalition (CUHC) internal data.

⁵ SHRM, 2024 Employee Benefit Survey, https://shrm-res.cloudinary.com/image/upload/v1718810601/Employee%20Benefits/2024_Annual_Benefits_Survey_Executive_Summary.pdf

⁶ Forbes, "Best Employee Benefits," <https://www.forbes.com/advisor/business/best-employee-benefits/>

03

Impact on ROA and Member Service

Lower healthcare spend protects margins directly. Better benefits also reduce turnover, which is important because replacing an employee typically costs 50% to 200% of their annual salary, depending on their level, once recruitment, onboarding, and lost productivity are factored in.⁷

Reducing that churn protects budgets while also building a more stable workforce. More engaged employees deliver better member service, which enhances institutional competitiveness. Over time, the cycle compounds: savings fund reinvestment, reinvestment attracts talent, engaged staff drive stronger member relationships, and credit unions see measurable gains in return on assets (ROA).

04

Budgeting with Confidence

In addition to substantially lowering costs, CUHC introduces predictability. Instead of planning around annual cost escalations, CEOs and CFOs can forecast with greater certainty. That stability enables credit unions to allocate capital toward long-term priorities with confidence that escalating healthcare costs will not undermine their financial strategy.

CUHC members also take a deliberate approach to healthcare planning by building customized three to five-year strategies aligned with their institution's unique goals. These forward-looking roadmaps enable leadership teams to integrate healthcare into their broader financial plan, rather than reacting to annual rate hikes. This combination of predictability and proactive planning transforms healthcare from a volatile cost center into a reliable part of long-term financial stewardship. For credit unions, that means greater control, less uncertainty, and more freedom to focus on growth.



Having actuarial experience specific to credit union group benefits us. Since coming off our traditional health plan in 2017, we've looked at the medical trend rate to compare what we would have paid versus what we are actually paying. It's a staggering gap that definitely contributes to our ROA.

KEVIN COLE

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-  **Website:** www.midoregon.com
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-  **Members:** 43,030

⁷ SHRM, "The Myth of Replaceability: Preparing for the Loss of Key Employees," <https://www.shrm.org/executive-network/insights/myth-replaceability-preparing-loss-key-employees>

Ownership, Transparency, and Alignment

One of CUHC's most defining features is its governance model. Unlike broker-driven captives, CUHC is owned and directed by its participants. That ownership structure ensures that credit unions (rather than third-party consultants or carriers) set the agenda.

Just as important, surplus premiums at the end of each year are returned directly to participating credit unions. Instead of disappearing into broker commissions or carrier profits, these dollars flow back to the institutions that own the Coalition, a tangible benefit that reinforces CUHC's cooperative design.

With this kind of structure, incentives are transparent and clear. There are no hidden fees or consultant skim. CUHC's performance is measured entirely by the success of its participants, which means every dollar saved and every dividend returned flows back to the institutions that are part of the Coalition.

CU Benefits Alliance provides strategic oversight throughout this process. With deep expertise and a proven record of rescuing credit unions from poorly conceived captive arrangements, CU Benefits Alliance provides the strategic counsel, compliance oversight, and ongoing management that make CUHC a reliable long-term solution.



We were able to reduce the out-of-pocket costs for employees by 30% and give them access to the largest hospital network in our area. Our plan members are delighted to be saving money monthly.

MARY BETH SPUCK

**President & CEO
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-  **Website:** www.r1cu.org
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-  **Members:** 71,028

A Competitive Edge for Forward-Thinking Credit Unions

The CUHC is the only healthcare captive designed exclusively for credit unions. While traditional broker models lock organizations into annual cost escalations with limited transparency and control, CUHC's peer-only structure delivers the opposite: consistent, measurable financial performance that enables participants to spend less per employee than peer institutions while maintaining greater predictability and control.

In doing so, CUHC reflects the cooperative DNA of the credit union movement itself. It is built on transparency, shared benefit, and long-term stewardship, values that resonate deeply with participating credit unions charged with protecting margins while advancing member service. By managing healthcare as a strategic lever rather than a fixed expense, CUHC participants gain a structural edge over banks and other competitors in both financial performance and talent recruitment.

Protecting Margins, Fueling Growth

Participation in CUHC has changed the financial equation for credit unions. With more than five years of performance data, the Coalition demonstrates that healthcare costs can decline year over year, creating room for long-term planning and investment. Credit unions that join CUHC consistently spend less per employee today than they did before joining, while gaining the ability to plan confidently for the future.

CUHC operates within CU Benefits Alliance, which equips credit unions with the structure and strategic guidance needed to manage healthcare in alignment with long-term financial objectives. Importantly, when a credit union designates CU Benefits Alliance as its broker of record, no other changes are required immediately. Some institutions join the Coalition immediately, while others start with the Alliance's broker/consulting services and transition into CUHC on their own timetable, based on their goals and readiness.

For credit union leaders seeking to protect ROA, strengthen competitiveness, and reinforce their institution's cooperative values, CUHC offers the only proven solution built for credit unions, by credit unions.

To learn more about CUHC and explore detailed case studies, visit:

<https://cubenefitsalliance.com/what-is-the-alliance/>

Or, to be connected with an executive from a CUHC member credit union who can share their firsthand experience, contact John Harris at jharris@cubenefitsalliance.com to arrange an introduction.

The CUHC Advantage



Built for Credit Unions Only

The only healthcare captive designed exclusively for credit unions by credit unions.



Proven Performance at Scale

CUHC consistently outperforms broker-managed plans.



Shared Success

Member-owned, transparent, surplus premiums returned.



Contact us to learn more about joining The CU Benefits Alliance



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