National Credit Union Administration
SUPPORTING STATEMENT

Golden Parachute and Indemnification Payments, 12 CFR Part 750
OMB Control No. 3133-0183

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary.

Part 750 of NCUA's regulation prohibits, in certain circumstances, a federally insured credit union (FICU) from making golden parachute and indemnification payments to an institution-affiliated party (IAP). This regulation, which implements section 206(t) of the Federal Credit Union Act (FCU Act) aims at safeguarding the National Credit Union Share Insurance Fund (NCUSIF) by preventing the wrongful or improper disposition of FICU assets and to inhibit rewards to IAPs who may be contributing to a FICU's troubled condition or, in the case of indemnifications, are subject of certain types of administrative enforcement actions brought by the regulator. It is also intended to provide FICU with greater clarity on the distinction between legitimate employee severance payments and improper gold parachute payments.

Section 750.6 requires requests for an FICU to make nondiscriminatory severance plan payments under §750.1(d)(2)(v) and golden parachute payments permitted by §750.4 to be submitted in writing to NCUA. Recordkeeping requirements are covered under §750.5(a)(1) and (2).

2. Purpose and use of the information collection.

This information collection applies to natural person and corporate credit unions. The information will be used by the NCUA Board to review FICUs' waiver requests to determine whether an exception to the general prohibition on golden parachute payments should be approved.

An FICU will only be required to submit a written request to NCUA if they are seeking approval for a severance or golden parachute payment as an exception to the general prohibition under Part 750. It is likely that any request will be a one-time occurrence per requesting FICU.

In situations where a state-chartered credit union or corporate credit union agrees to make a golden parachute payment, a written concurrence from the appropriates state supervisory authority must accompany the request to NCUA (§750.4(a)).

The NCUA uses this information to safeguard the National Credit Union Share Insurance Fund (NCUSIF) by preventing the wrongful or improper disposition of FICU assets and inhibit unwarranted rewards that can contribute to an FICU's troubled condition.

3. Use of information technology.

The FCU Act does not prescribe any particular form for this information collection. Therefore, FICUs may use any information technology available to reduce the burden imposed by the regulation.

4. Duplication of information.

This collection of information is unique to each FICU and is not duplicated.

5. Efforts to reduce burden on small entities.

This collection does not have a significant impact on a substantial number of small credit unions.

6. Consequences of not conducting the collection.

If this information were not collected, NCUA would not be able to prevent the wrongful or improper disposition of FICU assets and inhibit unwarranted rewards that can contribute to an FICU's troubled condition. These safeguards are in place to safeguard the NCUSIF.

7. Inconsistencies with guidelines in 5 CFR 1320.5(d)(2).

There are no special circumstances. This collection is consistent with the guidelines in 5 CFR 1320.5(d)(2).

8. Consultations with persons outside the Agency.

A 60-day notice was published in the *Federal Register* on July 17, 2024, at 89 FR 58194, soliciting comments from the public. No public comments were received in response to the notice.

9. Payment or gifts to respondents.

There is no intent by NCUA to provide payment or gifts for information collected.

10. Assurance of confidentiality.

There is no assurance of confidentiality other than that provided by law.

11. Questions of a sensitive nature.

No questions of a sensitive nature are asked. Personally identifiable information (PII) is not collected.

12. Estimate of burden of information collection.

As of March 31, 2024, there are 4,572 FICUs. This information collection will only affect troubled FICUs seeking approval to make a severance or golden parachute payment to an IAP. As of March 31, 2024, there were 125 problem FICUs with CAMEL 4 or 5 ratings. Of the 125 problem credit unions there are 112 having less than $100 million in total assets that are unlikely to seek NCUA approval to make golden parachute payments, which leaves 13 FICUs eligible. These smaller FICUs are unlikely to seek NCUA approval to make golden parachute payments because these payments are more typically seen in the executive compensation of larger, more complex FICUs.

Of the remaining 13 larger problem FICUs, NCUA anticipates no more than 25 percent would seek NCUA approval to make a golden parachute payment. (25% of 13 = 3.25) Accordingly, NCUA estimates that approximately 3 FICUs will need to solicit NCUA approval in advance of making a severance or golden parachute payment within the scope of the rule and that preparing the request for approval may take four hours: 3 FICUs x 4 hours = 12 hours. The recordkeeping requirement prescribed by §750.5 apply to these FICUs.

State chartered credit union or corporate credit union are required to obtain written concurrence to from their state supervisory authority to accompany the request, NCUA estimates 30 minutes for this disclosure requirement from 1 or less respondents annually.

12 CFR	Information Collection Activity	Type of Burden	No. of Respondents	Frequency	Total Annual Responses	Hours per Response	Total Annual Burden
750.4(a)	State supervisory concurrence	Disclosure	1	1	1	0.50	0.50
750.5	Recordkeeping – Permissible indemnification payments	Record-keeping	3	1	3	0.50	1.5
750.6(a)	Written NCUA approval in advance of making a severance or golden parachute payment	Reporting	3	1	3	4	12
		TOTAL	3		7		14

Based on the labor rate of $35 per hour, the total cost to respondents is $490.

13. Capital start-up or on-going operation and maintenance costs.

There are no capital start-up or maintenance costs.

14. Annualized costs to the Federal government.

NCUA estimates the annualized cost burden to the government will be $1,440.

- 3 waiver requests x 8 hours for staff review = 24 hours.
- 24 burden hours x $60 per hour = $1,440 annual cost burden.

15. Changes in burden.

The adjustments are attributed to updated data since the previous submission. Number of respondents decreased from 4 to 3 resulting in a slight decrease of total annual burden from 19 down to 14 hours.

16. Information collection planned for statistical purposes.

The information is not planned for publication.

17. Request non-display the expiration date of the OMB control number.

The OMB control number and expiration date associated with this PRA submission will be displayed on the Federal Government's electronic PRA docket site at www.reginfo.gov.

18. Exceptions to Certification for Paperwork Reduction Act Submissions.

There are no exceptions to the certification statement.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not involve statistical methods.