Mortgage Metrics Matter

COMPENSATION PLAN STRUCTURE

AN EXCERPT FROM

STRATMOR *INSIGHTS*

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COMPENSATION PLAN STRUCTURE

Determining compensation amounts and structure is fundamental to ensuring that your organization hires and retains the best talent while simultaneously controlling costs and justifying compensation to your stakeholders.

As a recent example, a STRATMOR client, using findings from Compensation Connection, redesigned their compensation plan structure to include strategic incentives to their employees. This new plan introduced incentives and measures to monitor and improve file quality that not only resulted in better loans but also increased overall operational efficiencies. These adjustments motivated their staff to improve efficiencies across the origination process, thereby reducing the company's overall cost to originate.

Since 2010, STRATMOR Compensation Connection has provided lenders with valuable insights into what mortgage lenders are paying for critical positions and how compensation is structured. This survey explores not only on what loan officers, processors, underwriters and key executives are being paid, but also analyzes their compensation structure and benefit packages.

The survey is offered in modules to allow lenders to choose a level of participation:

- Executive Management
- Retail Sales (Head of Production to Loan Officers)
- Consumer Direct Sales
- Fulfillment (All Channels)
- Production Support

The Fall 2017 survey is NOW Open

If you are interested in learning more about the survey or would like to participate, click here. Lenders who participate in the Compensation Connection Survey receive a customized summary report showing your data compared to industry averages.

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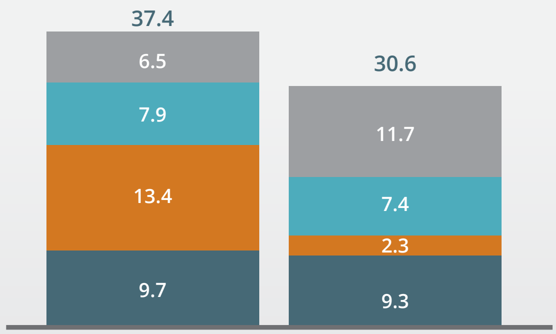
COMPENSATION CONNECTION SURVEY

The following are select results from the Compensation Connection Survey.

Q **How many days of Paid Time Off (PTO) do lenders offer annually?**

A **In this year's study, STRATMOR asked participants to provide the number of PTO days offered and how the time is allocated across holidays, vacation, medical/sick leave, and general PTO. Bank Owned/Affiliated Mortgage companies reported more PTO with an average of 37.4 days compared to Independent mortgage companies at 30.6 days.**

Average Annual PTO Days



	Bank	Independent
Other (General PTO)	6.5	11.7
Vacation	7.9	7.4
Medical/Sick Leave	13.4	2.3
Holiday (Including Floating Holiday)	9.7	9.3
Total	37.4	30.6

STRATMOR Compensation Connection Survey, 2017. ©STRATMOR Group, 2017.

- Both company types reported roughly nine holidays and seven vacation days. However, Bank Owned/Affiliated mortgage companies are more likely to offer medical/sick leave separate from vacation or general PTO.
- Independents offer more general PTO instead of explicit medical/sick leave. Independent mortgage companies can be more flexible with PTO than the Bank Owned/Affiliated companies who are often subject to the policies set by the parent bank.

The survey also asked the extent to which employees could carry over unused PTO. The results show that Banks averaged approximately seven days while the Independents allow employees to carry over more than two weeks of PTO to the next year. While Banks do offer more explicit medical/sick PTO than Independents, it appears that they do not allow employees to carry over that time. Bank employees must use it or lose it.

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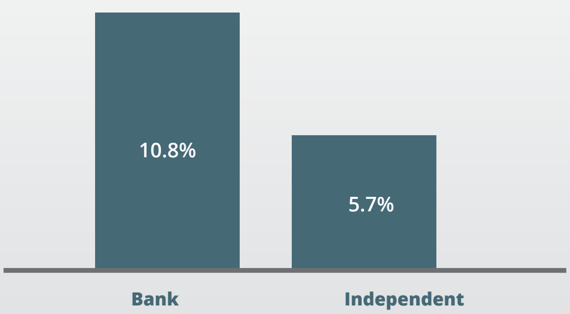
Q **What percentage does your company match employee contributions to a 401K?**

A **We that found Bank Owned/Affiliated mortgage companies contribute to employee 401K plans at a higher rate than Independents. In 2016, Bank Owned/Affiliated mortgage companies matched employee contributions to 401K at almost twice the rate.**

Average Company 401k Match



	Bank	Independent
Average	10.8%	5.7%

STRATMOR Compensation Connection Survey, 2017. ©STRATMOR Group, 2017.

- In prior “Mortgage Metrics Matter” articles, STRATMOR has shown that, for some positions, Banks will pay less cash compensation than Independents.
- Banks can pay less, in part, because they offer more benefits, such as higher 401k matching.
- As seen in the chart to the left, on average, Independent Mortgage companies match up to 5.7 percent of the employee’s contribution to a 401K plan compared to a 10.8 percent average matched by Bank Owned/Affiliated Mortgage companies.

Ninety-five percent of all lenders provide a 401K plan and 82 percent of those lenders provide some level of company matching to employee contributions. The majority of both Bank Owned/Affiliated Mortgage and Independent mortgage companies indicated that employees are eligible to participate in the 401K and matching at hire or within 30 days of hire.

While PTO and 401k match may not be the most important consideration for employees, benefits do factor into the decision during the recruiting process. Bank Owned/Affiliated mortgage companies should highlight their benefit packages during the recruiting process. Independents should emphasize their more flexible PTO policies.

PARTICIPATE IN THE SURVEY NOW

The Compensation Connection Survey is now open for participation. If you are interested in participating, click here.