

## Process for Setting Official Stipends

As permitted by Washington State law, BECU has determined to compensate its Directors and Audit Committee members (collectively, Officials) for their service to the Credit Union, starting in 2014. BECU's Board of Directors believes that the payment of stipends to Officials will enhance the Credit Union's ability to attract and retain well-qualified individuals for these positions, is consistent with the cooperative nature of the Credit union, and is in the best interest of members.

The Credit Union will pay Officials a reasonable stipend, as determined by the Board, not to exceed the median of compensation paid to directors of a peer group of organizations of similar size and complexity, including organizations such as credit unions, other types of financial institutions, financial services companies, and non-profit organizations.

The Board's Compensation Committee will make recommendations to the Board, validated by an independent third party, on the amount of stipends to be paid to Officials. The Board will review stipend amounts to be paid to Officials no less frequently than every three years.

