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The banking industry is no stranger to disruption: economic volatility, regulatory pressure, fintech competition — the list goes on. But one of the most urgent and underestimated threats to long-term performance is quietly playing out inside boardrooms and leadership meetings across the country: the accelerating loss of experienced talent.

As seasoned executives near retirement and emerging leaders are lured away by more flexible, tech-forward opportunities, banks are grappling with a critical question:
How do we keep the people who keep our institution strong?

The Real Cost of Turnover

Leadership turnover isn't just a retention problem; it's a profitability problem. When a key executive or rising star leaves, the cost goes far beyond a LinkedIn job post or headhunter fee. Lost relationships, disrupted strategy, lagging team morale, diminished revenue and onboarding delays all add up. Replacing a highly compensated employee can cost anywhere from 1.5 to four times their annual salary, and that doesn't include the ripple effects across your culture and clients. Now imagine a team of lenders is recruited by a competing institution, and a large portion of their relationships go with them. The result is an exponential increase in lost revenue for the bank and the loss of new business each producer will generate for the competitor.

And yet many banks still rely on outdated incentive structures that fall short in today's highly competitive talent market.

Why Traditional Compensation Isn't Enough

Salaries and annual bonuses matter, but they don't build long-term commitment. Today's top performers, especially those in leadership or high-impact roles, are looking for meaningful rewards that align with their career goals, life priorities and financial future. Uncertainty isn't just a theme, it's a reality. Bank leaders are navigating a volatile environment where the economy could tip in any direction. Rather than overcorrecting, many are holding compensation steady while turning to executive benefits as a more stable lever.

This shift is bringing a new level of discipline to plan design. Banks are reassessing the return on their benefits spend and focusing on offerings that deliver measurable, long-term impact. It's no longer about doing more — it's about doing what matters most. That's where modern, strategic retention tools come in.

Strategies That Build Loyalty

Forward-thinking banks are investing in customized retention and reward strategies that create "golden handcuffs": smart, performance-aligned benefits that encourage leaders to stay and grow with the organization. In the recent 2025 NFP U.S. Executive Compensation and Benefits Trend Report, 85% of leaders said they cannot afford to lose top talent.

Some of the most effective strategies include:

- **Deferred compensation plans:** These plans allow key employees to defer a portion of their income, often with matching or additional contributions from the bank. Banks can tailor the plan to fit specific roles, performance milestones or tenure-based goals, unlike traditional qualified plans, which are subject to rigid rules. Key employees can often schedule distributions for retirement, education expenses or other milestones. Being offered a nonqualified deferred compensation plan signals to the executive that they're a valued part of the bank's future. That alone can boost loyalty and engagement.
- **Supplemental retirement arrangements:** These plans offer meaningful future value and are designed to make up for the retirement income shortfall caused by limits and restrictions in qualified retirement plans. This solution is an affordable plan that helps provide a financially secure retirement, giving banks a competitive advantage to attract, reward and retain talented performers.
- **Disability income protection and long-term care coverage:** Aging leadership and a more health-conscious workforce are driving demand for protection against income disruption and long-term care needs. Executives in their 40s, 50s and early 60s are thinking more seriously about health events, aging parents and their own long-term care planning. These benefits offer peace of mind to valued employees and their families and can set your bank apart from competitors.

Making Your Bank a Career Destination

Retention isn't just about keeping people, it's about building a culture where top talent wants to stay. They want to feel like stakeholders in the bank's success, not just employees. The right combination of career opportunity, recognition and long-term value can transform your bank from a stepping stone into a destination.

And the payoff is real: greater continuity, deeper client trust, more stable growth and a leadership team fully aligned with your institution's future.

At a time when every financial institution is fighting for top-tier talent, your key employees should be your strongest competitive advantage, not your greatest risk. If you want to grow, innovate and outperform in the years ahead, it's time to treat retention as a core part of your business strategy.

Because in banking, it's not just about how much you pay — it's about how well you plan to keep the people who drive your success.