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2015  
Trends in Adviser  
Compensation  
and Benefits

# 2015 Trends in Adviser Compensation and Benefits

## TABLE OF CONTENTS

Letter from Financial Planning Association® (FPA®) .....	3
Letter from <i>Financial Advisor IQ</i> .....	4
About the Study .....	5
Executive Summary .....	6
Compensation and Benefits .....	8
Compensation .....	8
Benefits .....	12
401(k) Plans .....	14
Health Insurance .....	15
Eligibility .....	16
The Value of Benefits .....	17
What's Next for Compensation? .....	18
Job Satisfaction .....	20
Why Do People Quit? .....	23
Team Growth .....	25
The Outsourcing Option .....	25
Team Development .....	28
Key Metrics by Role: Introduction .....	30
Key Metrics by Role: CEOs/Presidents .....	31
Key Metrics by Role: Senior Financial Advisers/Planners .....	33
Key Metrics by Role: Junior Financial Advisers/Planners .....	35
Key Metrics by Role: Non-Adviser Management .....	39
Key Metrics by Role: Support Staff .....	42
Appendix I .....	44



## LETTER FROM FPA

How are today's advisory firms compensating employees, motivating them to produce desired outcomes and creating work environments that promote job satisfaction? The 2015 Trends in Adviser Compensation and Benefits study, conducted by the FPA Research and Practice Institute™ (RPI) in partnership with *Financial Advisor IQ* (a news service of the *Financial Times*), reveals how firms are addressing these challenges and suggests what they plan to change in the years ahead.

This new research will help CEOs and principals, senior advisers and planners, junior advisers and key support staff better understand how their compensation and benefits stack up to others in the profession. RPI's original research on topics directly relevant to the advice business will help professionals prosper in today's challenging financial-services landscape.

Be sure to visit [www.onefpa.org/business-success](http://www.onefpa.org/business-success) for more from FPA and the FPA Research and Practice Institute™.

**LAUREN M. SCHADLE, CAE**

*CEO/Executive Director*

Financial Planning Association



## LETTER FROM *FINANCIAL ADVISOR IQ*

When *Financial Advisor IQ* runs an article about compensation, I know the story will get plenty of hits. Right or wrong, it's human nature to associate our pay with our value as professionals and to be passionately interested in how our peers are compensated. And if we manage a business, we know we must pay associates competitively to survive.

In partnership with the FPA Research and Practice Institute™, *Financial Advisor IQ* has peered into the nooks and crannies of compensation to help advisers benchmark their own practices. We asked how effectively salaries, incentive pay, bonuses, benefits and development programs motivate teams. We examined hiring and outsourcing plans for firms of different sizes and in different channels. The results suggest the profession is struggling to get compensation right as teams get bigger and client needs get more complex.

*Financial Advisor IQ* will be exploring the main themes of this study report in a series of in-depth articles that include insights from top advisers. Please come to [www.financialadvisoriq.com](http://www.financialadvisoriq.com) to read this and other coverage designed exclusively for you.

**JOAN WARNER**

*Managing Editor*

Financial Advisor IQ



2015

## TRENDS IN ADVISER COMPENSATION AND BENEFITS

### ABOUT THE STUDY

The 2015 Trends in Adviser Compensation and Benefits study was developed to meet two distinct needs. For managers or owners of financial-advice firms, the goal was to help drive team engagement and loyalty by providing insight into how other firms structure compensation and invest in their people. For other team members, the goal was to provide benchmarks for making informed decisions.

Our report incorporates feedback from 694 respondents in a range of roles within the profession. Participants responded to an online survey conducted in February, 2015. The study's overall margin of error is +/- 3.72% (the margin of error is higher where data is broken down by role or other criteria). The sample represents advisers and planners from across the country and across channels, and it includes both Financial Planning Association members and non-members. For a full participant profile, please see Appendix 1.

About a third of respondents work at independent RIAs; 22% at national, regional or independent broker-dealers; 10% at wirehouses; 12% at hybrid RIAs; and the balance in other channels. Approximately half the respondents are decision makers on compensation and benefits, and that group was asked about how they structure plans for their teams. The balance of respondents was asked about their roles, personal compensation and perceptions on a range of issues.

The first part of this report examines compensation and benefits, job satisfaction, and team growth and development, through the eyes of both decision makers and staff. The second part, "Key Metrics by Role," provides data points for specific team members, allowing readers to quickly find the relevant statistics for their own firms.

Attracting and retaining talent in the financial-advice profession gets more difficult every year. As the field evolves to meet clients' changing needs, new business models spring up and paradigms shift, in everything from salaries and benefits to training and outsourcing. Our survey asked what today's practitioners care about and how firms are trying to make their employees happy. Here are the highlights:

## COMPENSATION AND BENEFITS

Study respondents find it a challenge to structure the right compensation and benefits plan. Even though most firms invest significantly in their teams, and many have created sophisticated compensation structures, fewer than a third of decision makers feel their compensation plan is highly competitive. And that number drops to just 22% when the group is asked about benefits packages.

Firms invest in their teams in a variety of ways, but compensation and benefits are a critical piece of driving satisfaction and staying competitive. The data suggests that firms use compensation and benefits strategically to encourage specific behaviors — yet decision makers and staff have different opinions about which benefits are most valued. The study found that:

- Median compensation (from all sources) ranges between \$50,000 and \$249,000, depending on the role.
- Firms use a range of compensation structures, including bonuses and incentive pay, and these are likely to differ by role to drive different behaviors.
- 63% of respondents offer incentive pay based on new revenue, 56% based on new assets and 32% based on client satisfaction.
- 77% of firms offer some form of benefits, but benefits packages vary widely.
- 60% of firms anticipate increasing their investment in compensation in the next 12 months, and 22% say they will increase their investment in benefits.

## JOB SATISFACTION

While job satisfaction is relatively high overall, the survey results hint that where dissatisfaction exists, it's connected to compensation and benefits. The data also suggests that management may not fully understand why team members choose to leave their firms. The study found that:

- 44% of respondents are very satisfied, and 33% are somewhat satisfied, with their jobs.
- However, only 26% of respondents are very satisfied with their compensation, and just 27% are very satisfied with their benefits.
- 26% of staff said they plan on leaving their firms in the next two years.
- Management and staff have differing views as to why staff leave their roles.

## TEAM GROWTH

As the industry expands, so do the teams that support it. Looking forward through 2015 and beyond, the data suggests a net growth in staff along with some movement across firms as the result of planned movement by employees. The study found that:

- 55% of firms plan on hiring in the next 12 months, with RIAs driving most of the activity.
- 29% of firms are dissatisfied with their current hiring process.
- 42% of firms outsource some functions, and plan to continue to do so, with 38% of those intending to outsource even more. The 58% of firms that do not outsource have no plans to start.

## TEAM DEVELOPMENT

Although most firms support their teams in personal and professional development — financially or otherwise — new-employee training and mentoring are largely informal. Nevertheless, the study found that:

- The average firm invests nearly \$15,000 per year in team development.
- 69% of firms provide financial support for personal or professional development.
- 60% of firms conduct formal performance reviews.

## COMPENSATION

To start, we asked participants to share details of their compensation plans. In displaying the results, we use medians rather than averages, because there is a significant range on some salary components. The results represent the median for respondents who receive each form of compensation. They should not, therefore, sum up to the total. For example, the median for someone who receives incentive pay is \$50,000, but not all respondents receive incentive pay.

MEDIAN COMPENSATION						
	ALL RESPONDENTS	CEO/ PRESIDENT	SENIOR FINANCIAL ADVISER OR FINANCIAL PLANNER	JUNIOR/ASSOCIATE FINANCIAL ADVISER OR FINANCIAL PLANNER	NON-ADVISER MANAGEMENT (E.G., CCO, MANAGER OF OPERATIONS)	SUPPORT STAFF (INCLUDING TECHNICAL AND ADMINISTRATIVE STAFF)
Base	\$ 72,000	\$ 130,000	\$ 93,500	\$ 50,000	\$ 66,500	\$ 46,000
Incentive	\$ 50,000	\$ 60,000	\$ 82,500	\$ 17,000	\$ 13,000	\$ 8,025
Bonus	\$ 14,000	\$ 62,500	\$ 25,000	\$ 6,750	\$ 10,000	\$ 5,000
Other	\$ 120,000	\$ 216,000	\$ 170,000	\$ 12,800	\$ 22,500	\$ 10,000
Total	\$ 126,000	\$ 249,000	\$ 170,000	\$ 60,000	\$ 81,000	\$ 50,000

*Note: This chart shows medians. Therefore, the numbers should not sum to the total.*

**Q:** Please complete the following as it relates to your annual compensation in 2014.



# COMPENSATION AND BENEFITS

Many firms structure their compensation plans strategically, using different elements (such as incentives linked to team performance) to drive desired behaviors. For example, advisers and planners are more likely to receive some form of incentive pay, whereas non-adviser management and staff are more likely to receive bonuses. In many cases, firms use a fairly sophisticated mix of compensation types, tied to different drivers.

COMPENSATION TYPE	
<b>MANAGEMENT</b>	
Base salary	92%
Incentive pay	40%
Bonus	62%
Other	19%
<b>FINANCIAL PLANNERS/ADVISERS</b>	
Base salary	78%
Incentive pay	51%
Bonus	55%
Other	21%
<b>SUPPORT STAFF</b>	
Base salary	95%
Incentive pay	31%
Bonus	74%
Other	6%

*Note: Other could include such things as options or cashed-out equity.*

**Q:** Which forms of financial compensation do your team members receive?

In general, individual performance drives incentives and bonuses. However, about half of firms also tie compensation to team or firm results.

## INCENTIVE DRIVER

### MANAGEMENT

Individual performance	64%
Team performance	59%
Firm performance	91%

### FINANCIAL PLANNERS/ADVISERS

Individual performance	79%
Team performance	48%
Firm performance	57%

### SUPPORT STAFF

Individual performance	70%
Team performance	59%
Firm performance	69%

*N=firms offering each form of compensation*

**Q:** Which of the following drive incentives/bonuses? Please select all that are calculated when assessing total incentives/bonuses for each group.

Most respondent firms link incentives and bonuses to growth, whether measured by new clients, new assets or—most commonly—new revenue. About half of firms take client retention into account in some way when structuring compensation, but only 41% use client satisfaction as a driver of incentive pay.

INCENTIVE DRIVER	
<b>MANAGEMENT</b>	
Client retention	58%
Client satisfaction	46%
New clients	63%
New assets	66%
New revenue	77%
Other	18%
<b>FINANCIAL PLANNERS/ADVISERS</b>	
Client retention	52%
Client satisfaction	41%
New clients	70%
New assets	63%
New revenue	82%
Other	12%
<b>SUPPORT STAFF</b>	
Client retention	48%
Client satisfaction	49%
New clients	40%
New assets	40%
New revenue	54%
Other	21%

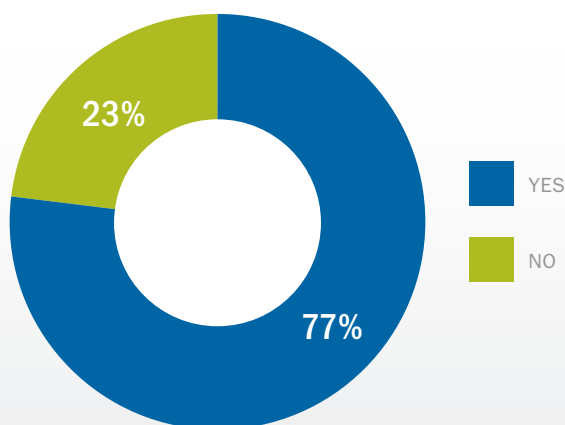
*N=firms offering each form of compensation*

**Q:** Which of the following are used to determine bonuses or incentives?

## BENEFITS

The study went into significant detail to discern which benefits are offered to whom and how the value of various benefits is perceived. Perhaps not surprisingly, most firms offer the same core benefits. But as firms seek to differentiate themselves to attract top talent, they add a broad range of other benefit options as well.

More than three-quarters of respondents said they offer some form of benefits to employees. Yet firm size makes a significant difference to what the package looks like. Among practices with three team members, 55% offer benefits, whereas 86% of firms with four team members and 92% of those with 10 or more do so.



Q: Do you offer any form of benefits to your employees?

The most common benefits for management and staff are:

- Paid vacation time
- Health insurance
- Paid sick time
- Licensing/exam fees
- 401(k) plans
- Financial support for professional development

# COMPENSATION AND BENEFITS

## BENEFITS OFFERED

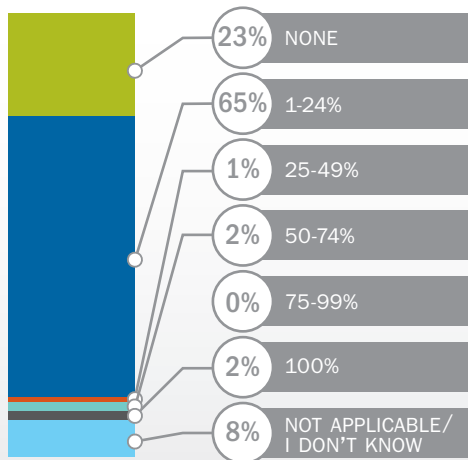
	MANAGEMENT	OTHER STAFF
Vacation time	83%	90%
Health insurance	78%	75%
Sick time	76%	81%
Licensing/exam fees	71%	68%
401(k)	70%	67%
Financial support for professional development (including conferences)	68%	61%
Professional dues	60%	48%
Financial support for designations/technical training	58%	56%
Flexible work schedule	57%	60%
Bereavement leave	53%	57%
Life insurance	51%	46%
Dental	51%	51%
Maternity leave	45%	46%
Long-term disability	43%	40%
Roth 401(k)	43%	43%
Vision	42%	40%
Health savings account (HSA)	37%	33%
Short-term disability	34%	34%
Financial support for personal development	34%	33%
Planning/investment plan services	30%	32%
Paid parking	26%	27%
Flexible spending account (FSA)	25%	25%
Ability to earn equity	22%	7%
Telecommuting	22%	20%
Pension	11%	10%
Simple IRA	11%	14%
Public transit compensation	8%	7%
Wellness/health club coverage	8%	7%
SEP IRA	4%	3%
Ability to earn options	3%	0%

**Q:** Which benefits do you offer to employees?

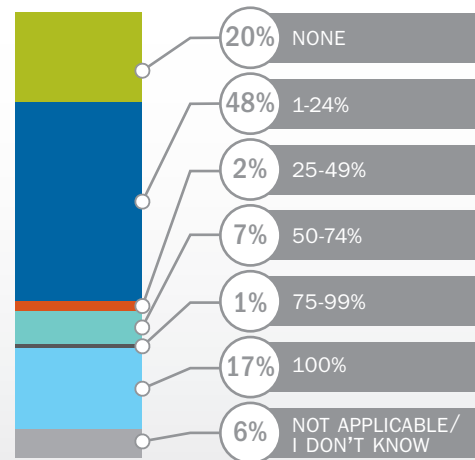
## 401(K) PLANS

For the approximately 70% of firms that offer 401(k) plans, 80% match employee contributions to some degree. Typically, the match is less than 25% of the contribution, yet 17% of respondents said they match 100%. Such firms are likely to have nine or more team members.

While firms are generally aligned around the percentage of employee contributions they match, vesting schedules differ. At 42% of firms, employees are fully vested when they become eligible for the program; however, nearly a third of firms impose a three- to five-year waiting period.

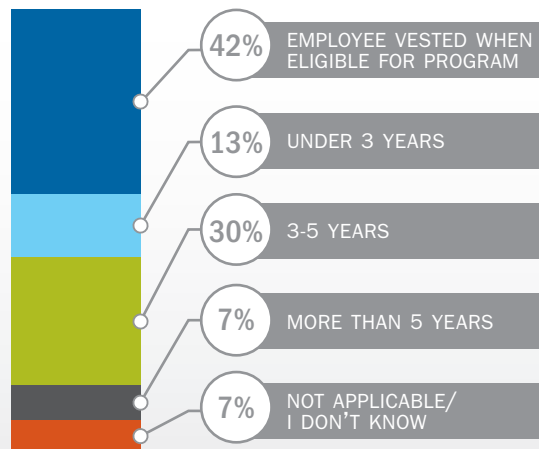


Percentage of salary matched by employer



Percentage of employee contribution matched by employer

**Q:** You indicated that you have a 401(k) program in place.  
What percentage of salary and/or employee contribution is matched?



**Q:** What is the vesting schedule for the firm's 401(k) contributions?

## HEALTH INSURANCE

For the 70% of firms that contribute to health insurance premiums, half pay 100% of the cost. The same is true for disability and accident insurance.

INSURANCE CONTRIBUTIONS			
	LIFE INSURANCE	HEALTH INSURANCE	DISABILITY/ACCIDENT INSURANCE
None	38%	6%	40%
1-24%	3%	6%	3%
25-49%	1%	4%	1%
50-74%	5%	24%	7%
75-99%	3%	21%	5%
100%	50%	40%	44%

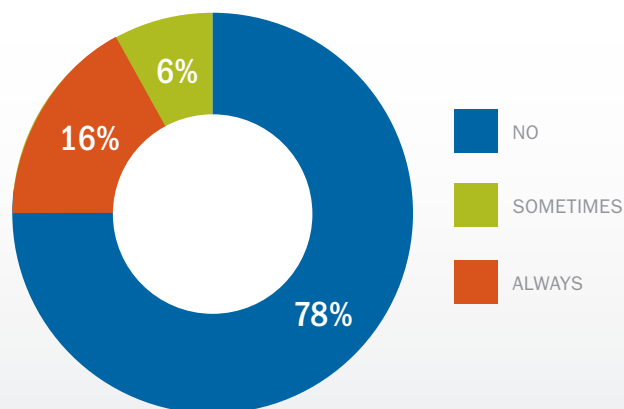
**Q:** You indicated that you provide some form of insurance contributions for employees. What percentage of premiums do you pay for employees for each of the following?

## ELIGIBILITY

Our data shows dispersion in how long firms require staff to wait before becoming eligible for benefits and incentives. More than a quarter of respondents provide access within a week, yet a greater percentage impose a waiting period of two months or more. Firms are more likely to require a waiting period for incentives and bonuses than for benefits. There is, however, more alignment on how firms handle time off. For 78%, staff are not paid for time off they don't take.

WAITING PERIODS			
	BENEFITS	BONUSES	INCENTIVES
Less than 7 days	31%	22%	27%
7-14 days	1%	0%	0%
15-30 days	12%	2%	3%
31-45 days	8%	2%	4%
46-60 days	10%	7%	7%
61 - 364 days	31%	37%	35%
1 year or more	8%	31%	25%

**Q:** Is there a waiting period before staff become eligible to receive benefits or other incentives?



**Q:** If a team member does not take all of his/her available time off, do you pay for that time?



## THE VALUE OF BENEFITS

It's a positive sign that decision makers and employees generally agree about which benefits are most important. Yet the two groups diverge in some areas. When we asked decision makers and staff to identify the five benefits they considered most valuable, the top three for both groups were health insurance, 401(k) plans and vacation time. Both also put a high value on a flexible schedule. Beyond those core benefits, however, decision makers name sick time as the most important offering, whereas staff mention the chance to earn equity in the firm. That was the largest gap in how the two groups perceive benefit value.

PERCEIVED VALUE OF BENEFITS		
	MANAGEMENT PERCEPTION	STAFF PERCEPTION
Health insurance	80%	76%
401(k)	67%	65%
Vacation time	64%	45%
Flexible work schedule	43%	35%
Sick time	28%	7%
Dental	22%	20%
Financial support for professional development (including conferences)	20%	21%
Vision	11%	10%
Roth 401(k)	11%	15%
Ability to earn equity	10%	31%
Financial support for designations/technical training	10%	11%
Health savings account (HSA)	9%	13%
Pension	9%	11%
Simple IRA	8%	4%
Long-term disability	6%	18%
Financial support for personal development	5%	6%
Licensing/exam fees	5%	8%
Life insurance	4%	14%
Short-term disability	4%	5%
Flexible spending account (FSA)	4%	5%
Telecommuting	4%	5%
Maternity leave	4%	1%
Planning/investment plan services	3%	2%
Professional dues	3%	5%
SEP IRA	2%	2%
Ability to earn options	2%	6%
Bereavement leave	2%	0%
SARSEP IRA	1%	1%
Paid parking	1%	2%
Wellness/health club coverage	1%	4%
Public transit compensation	0%	1%

**Q:** Which benefits (whether you offer them or not) do you believe employees most value?/  
Which benefits (whether you receive them or not) do you/would you value most?

## WHAT'S NEXT FOR COMPENSATION?

Advisory firms' investment in their teams is the biggest one they make. It includes not just salaries but also benefits, outsourcing expenses and development costs. To get a sense of future trends, we asked survey respondents about their current total investment, their plans for the future and how they think their commitments stack up against peers'.

The median investment is nearly \$340,000 per year — although that number changes dramatically based on firm size. Total investment ranged from \$144,000 for firms with fewer than three team members to \$1.2 million for those with 10 or more, with salaries driving most of the difference. Independent RIAs invest the most, followed by broker-dealers and then full-service brokerages, reflecting the nature of each channel's support structure — that is, for a team working within a wirehouse, many outsourcing and development costs are covered.

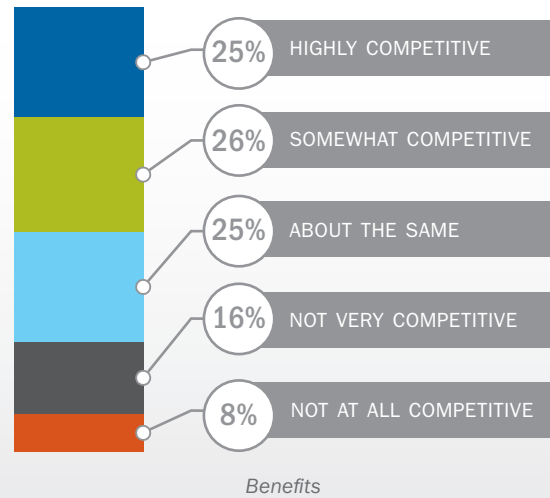
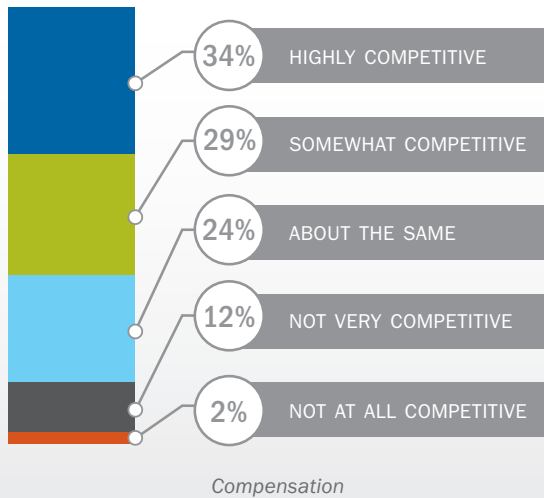
CATEGORY	MEDIAN INVESTMENT: ALL RESPONDENTS
All salaries, financial incentives and benefits	\$321,000
Non-financial incentives	\$10,000
Outsourcing roles/functions	\$16,245
Team development and education	\$5,000
Other	\$20,000
<b>Total</b>	<b>\$339,962</b>

*Note: The numbers are medians for those firms who invest in each area.  
The numbers should not sum up to the total.*

**Q:** Thinking about your expenses in 2014, how much did you invest in the team?

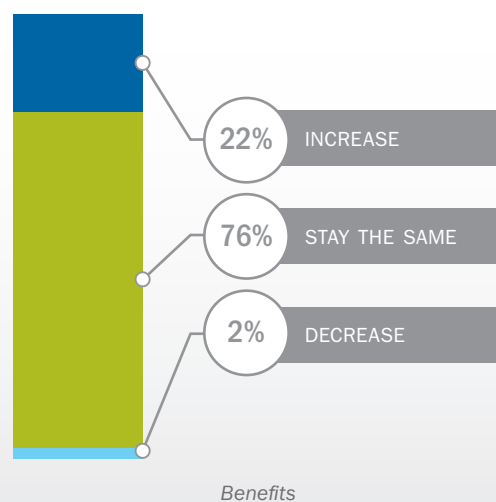
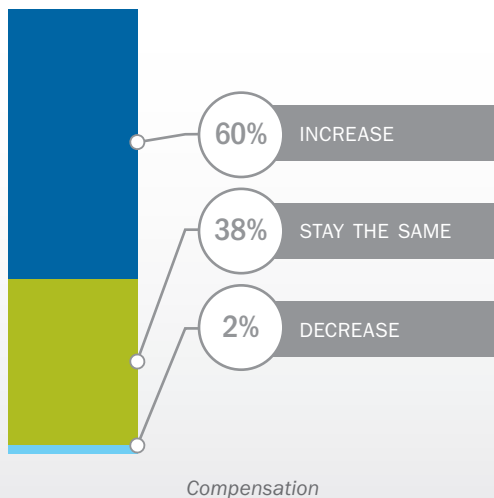
Structuring the right compensation and benefits plans is clearly a challenge for advice firms. Despite the significant investment they make and the care they put into designing effective packages, fewer than a third of decision makers who responded to our survey feel their compensation plan is highly competitive. And the percentage drops to 22% when asked about their benefits packages. Firms with more team members or greater scale (whether gauged by revenue or assets) tend to feel more competitive, highlighting the challenge for smaller firms across the U.S.

# COMPENSATION AND BENEFITS



**Q:** How would you rate your compensation and benefits plan compared to other firms of your size?

Given their confidence in their competitiveness, it's not surprising that 60% of respondents intend to boost compensation levels in the year ahead, although fewer than a quarter plan on changing benefits.

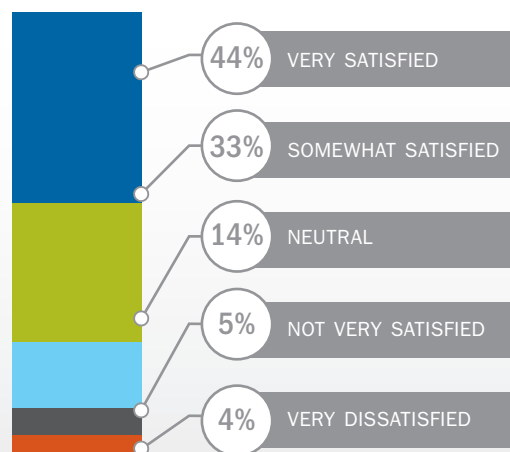


**Q:** In the next 12 months, do you expect the amount of compensation or benefits provided for existing employees will change?

## JOB SATISFACTION

Team engagement is critical to any firm's long-term success. Understanding how compensation, benefits and other investments affect job satisfaction can help shed light not only on team engagement but also on attrition.

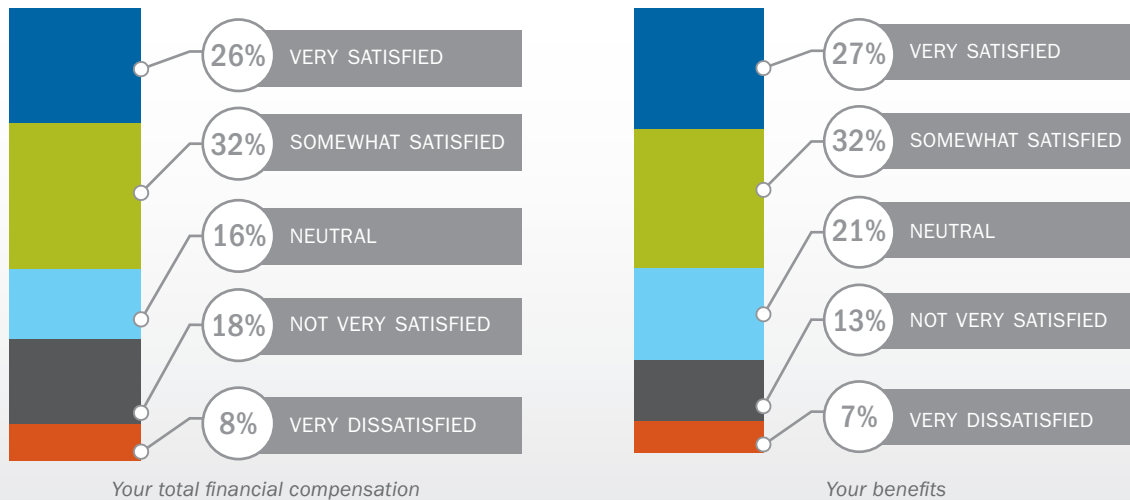
The good news is that, overall, respondents are satisfied with their jobs, with over three-quarters of respondents saying they are somewhat or very satisfied.



**Q:** How would you rate your level of overall job satisfaction?

Perhaps not surprisingly, job satisfaction is closely correlated with role. Whereas 65% of CEOs said they are very satisfied with their jobs, only 22% of support staff said the same. Furthermore, the data shows an inverse correlation between age and job satisfaction. The younger the respondents, the less likely they are to be very satisfied with their jobs — which, assuming a link between age and role, may reflect the correlation between role and satisfaction. Finally, the data shows that satisfaction grows with firm size. Respondents from the smallest firms (based on assets under management) are least likely to be very satisfied with their jobs.

It is clear that satisfaction is driven by more than compensation and benefits. Although only a quarter of respondents said they are very satisfied with compensation and benefits, 44% are very satisfied with their jobs. At the same time, compensation is an important driver of satisfaction, and firms not using other means to encourage team engagement may be at risk of attrition.



**Q:** Please rate your level of satisfaction with the following.

When we compare overall job satisfaction to satisfaction with compensation and benefits, we find the following:

- There is no difference in satisfaction with compensation or benefits between respondents who are somewhat satisfied with their jobs and those who are very satisfied.
- There is a bigger gap in satisfaction with benefits than with compensation when we compare the groups who are most and least satisfied with their jobs.

On the basis of the above, we can conclude that acceptable compensation and benefits are table stakes for team members. If they are not satisfied with those two elements, they are likely to be dissatisfied overall. However, if team members are generally satisfied with compensation and benefits, other factors will drive them from feeling somewhat satisfied to feeling very satisfied with their jobs.

To dig deeper into what drives engagement, we asked respondents about their views on their firm, basing our questions loosely on those Gallup uses to assess job satisfaction. Overall, respondents' strongest positive sentiment is that their firm does important work for clients.

CONFIDENCE IN THE FIRM	
I am optimistic about my firm's future.	4.3
I am optimistic about my future success within the company.	4.2
My firm cares about its people.	4.1
Working for my firm supports my long-term personal goals.	4.2
At my firm, people get ahead primarily on the merits of their work.	3.9
I understand our company's direction and goals.	4.1
I understand how our company's strategy differentiates us from the competition.	4.1
I understand how my work helps the company accomplish its goals.	4.5
My firm is a leader in the industry.	3.8
My firm is a strong competitor in the industry.	4.0
Our company does important work for our clients.	4.7

*Note: Shows average out of five where five is strongly agree.*

**Q:** To what extent do you agree or disagree with the following statements?

Recall that respondents who are very satisfied with their jobs don't feel very differently about compensation and benefits than those who are somewhat satisfied. By contrast, we found gaps between those two groups' level of agreement with the following statements:

- I am optimistic about my future success within the company.
- My firm cares about its people.
- Working for my firm supports my long-term personal goals.
- At my firm, people get ahead primarily on the merits of their work.

The two groups also feel differently about understanding their firm's direction and strategy, and they don't have the same level of optimism about those factors. We can conclude—and human nature probably dictates—that staff tend to focus first on their own role and future within the company and next on connecting with their firm's overall direction.

## WHY DO PEOPLE QUIT?

The flip side of understanding job satisfaction is understanding when and why people decide to leave their firms. Our survey results shed light on the prospects for attrition among respondent firms, because while 55% of decision makers said they plan to hire new team members in the next 12 months, 26% of employees said they plan to leave their firm in the next 24. Respondents most likely to depart are those in support and administrative roles; they are also most likely to express the lowest job satisfaction.

Decision makers and staff have very different views of why people leave their firms. The disconnect suggests there may be room for improvement in decision makers' understanding of team members' needs. Better communication might help limit attrition and enhance engagement overall.

Nearly two-thirds (63%) of decision makers said they have lost staff in the last five years. Among these respondents, almost half (47%) believe the employees left because they weren't a good fit for the job; the next most likely reason, they said, was a desire to change careers. But for non-decision makers, compensation is most often given as the primary reason for leaving, followed by lack of satisfaction with the work environment. Only 3% percent cite fit and 6% a desire to change careers.

REASONS FOR LEAVING	PERCENTAGE OF FIRM/STAFF RESPONDING 'YES'
---------------------	---

### DECISION MAKERS

They want to change careers	23%
They are retiring/leaving the workforce	15%
They aren't happy with the work environment	17%
They aren't happy with compensation	22%
They aren't happy with benefits provided	3%
They don't enjoy the work	6%
There is not enough opportunity for advancement	14%
There is a lack of training opportunities	1%
They aren't a good fit for the job	47%
Other	11%
Not applicable/I don't know	1%

### NON-DECISION MAKERS

I want to change careers	6%
I am retiring/leaving the work force	5%
I'm not happy with my work environment	22%
I'm not happy with compensation	31%
I'm not happy with benefits provided	3%
I don't enjoy the work	5%
There is not enough opportunity for advancement	17%
There is a lack of training opportunities	2%
I don't think I'm a good fit for the job	3%
Other	2%
Not applicable/I prefer not to answer	5%

**Q:** *DECISION MAKERS: What do you (firms that have lost staff) believe are the primary reasons staff have left your firm? Please select the top two reasons to the best of your knowledge.*

**Q:** *NON-DECISION MAKERS: Why do you (staff who plan on leaving their firms) plan on leaving your firm? Please select the one primary reason.*



## TEAM GROWTH

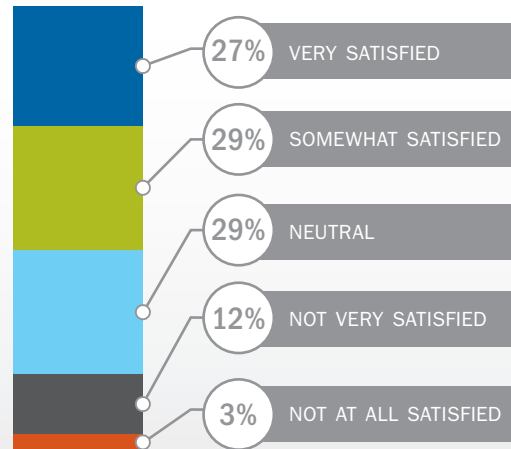
Our survey results reflect the profession's positive momentum. They also support recent research suggesting where the fastest growth is taking place. As discussed, 55% of decision makers said they plan on hiring more staff in the next 12 months, whereas 26% of staff said they intend to leave their firm in the next two years. If both hold true, we can anticipate net growth among the respondent teams.

More RIAs (60%) and hybrid firms (65%) have hiring plans than respondents in other channels, where approximately 45% intend to hire over the next year. When asked which roles they want to fill, respondents said their plans are focused on expanding their advisory and client service teams, and they anticipate little activity regarding other roles.

ROLE	PERCENTAGE RESPONDING 'YES'
Junior adviser	36%
Client service	29%
Senior adviser	27%
Administration	25%
Paraplanner	18%
Marketing	9%
Analyst	6%
Director/manager marketing	4%
Director/manager business development	2%
Technology support	2%
Chief financial officer (CFO)	1%
Chief marketing officer (CMO)	1%
Director/manager client service	1%
Director/manager operations	1%
Chief Operating Officer (COO)	1%

**Q:** Whom do you (firms that plan on hiring) anticipate hiring in the next 12 months? Please select all that apply.

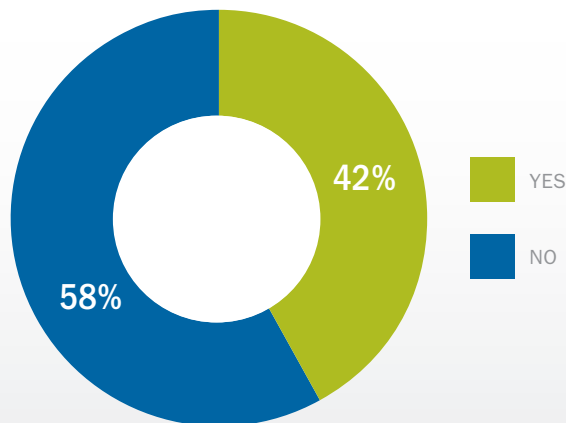
Despite their growth plans, however, many decision makers feel challenged by the hiring process. Only about a quarter reported being very satisfied with the internal hiring process at their firms.



**Q:** How satisfied are you with your hiring process?

## THE OUTSOURCING OPTION

A relatively high percentage of firms (42%) outsource one or more functions to keep their businesses humming. Outsourcing is most popular among RIAs and hybrids, with slightly fewer broker-dealers saying they do so. Few respondents who work at wirehouses, where support structures differ, said they outsource.



**Q:** Do you outsource any roles or functions on your team?

Among the 42% of firms that outsource now, 38% plan to outsource more in the future, and 59% say their level of outsourcing won't change; very few plan on outsourcing less. However, among the 58% of respondents that do not outsource, only 8% intend to do so in the future. On the question of whether or not to outsource, it seems that firms tend to make a decision and stick with it.

Technology and compliance are the primary functions that firms look to outsource, followed by finance/bookkeeping and portfolio/investment management. Not surprisingly, the most commonly outsourced functions are those where decision makers have a broad choice of suppliers (e.g. investment management). The lower level of outsourcing for administrative and paraplanning functions may result from lack of alternatives — or, perhaps, lack of understanding how these functions could be outsourced effectively.

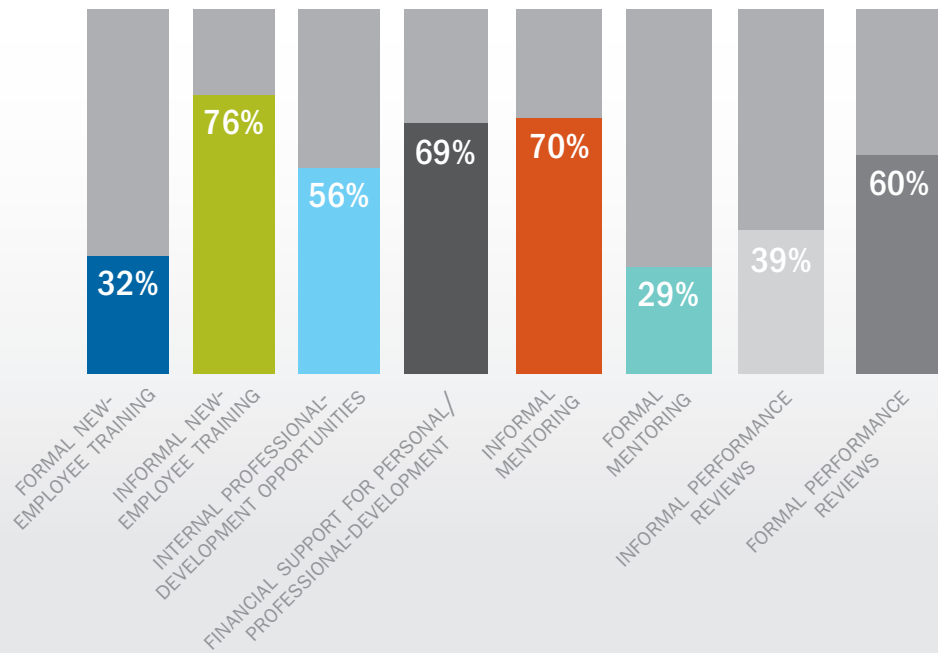
OUTSOURCED ROLES	PERCENTAGE OF FIRMS
Technology	54%
Compliance	45%
Portfolio/investment management	34%
Finance/bookkeeping	34%
Marketing	30%
Other	17%
Administration (e.g., supporting advisers)	12%
Financial planning (e.g., paraplanner)	10%
Client service (e.g., working directly with clients)	4%
Business development/sales	3%
General management	2%

**Q:** Which of the following functions do you (firms that currently outsource) outsource?

# TEAM DEVELOPMENT

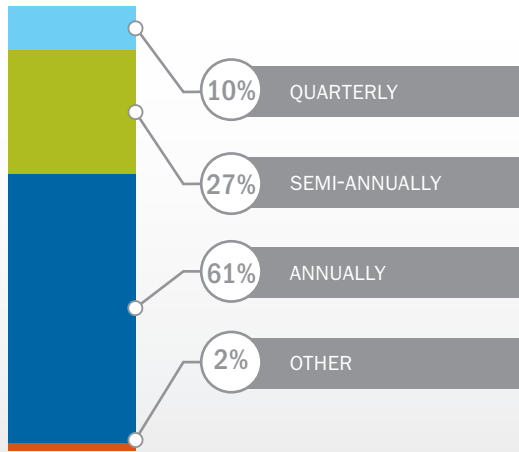
It is to the profession's credit that when team members plan to leave their firm, they rarely cite lack of development opportunities as a reason. Almost all survey respondents support their team members' personal and professional development, either through training, financial support or ongoing performance reviews.

Such initiatives and programs tend to be informal, according to our data. Although 60% of respondents administer formal performance reviews, development activities such as new-employee training are overwhelmingly informal. The same is true for mentoring. At the same time, firms support team development financially, with 69% contributing to or paying for personal and professional development such as conferences and continuing education (see Benefits, above).

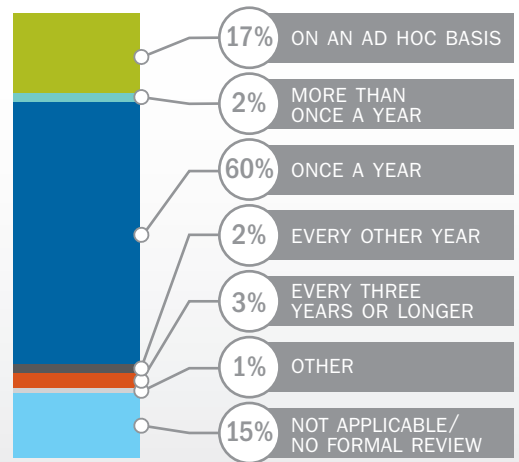


**Q:** Which of the following do you offer at your firm? Please select all that apply.

Staff who receive formal performance reviews said they typically have them annually (61%), with 27% reporting a semi-annual review and 10% participating in quarterly reviews. Compensation is typically reviewed annually (60%), and if not annually, most often on an ad hoc basis.



**Q:** How often is your performance formally reviewed?



**Q:** How often is your salary/compensation package reviewed?

The average firm invests \$14,400 in team development per year; however, that number varies widely based on firm size. The median amount is \$5,000 for all respondents, jumping to \$22,500 annually for firms with assets under management of \$100 million or more.

## INTRODUCTION

On the following pages, we provide an overview of key metrics by role. Where possible, the data is segmented by firm size (using assets under management as a proxy) and region. Although sample sizes for these segments are considerably smaller than the total, they provide good directional information on the impact of both size and region.

**We classified firms as small, mid and large according to assets under management. The median AUM for firms in each segment is:**

Small: \$28.3 million

Mid: \$120 million

Large: \$600 million

All compensation numbers are presented as medians rather than averages, because of the wide range in results.

## CEOS/PRESIDENTS

In the first part of this report, we examined how decision makers approach compensation and benefits. That group was largely composed of CEOs, senior financial advisers or planners who run their own firms, and some non-adviser managers. In addition to sharing how they structure compensation and benefits for the firm, they provided information about their own compensation and their views on their roles.

The following table shows feedback from the 151 respondents who identified themselves as CEOs/presidents. Forty-two percent of these respondents are with RIAs, 25% are with broker-dealers and 15% with hybrid firms. Eighty-nine percent of this group is male and 11% female. Sixty percent of this segment is age 50 or older.

### Highlights of the results:

- Overall compensation is strongly influenced by firm size.
- Incentives and bonuses for CEOs are often based on firm performance and driven by revenue growth.
- There is no standard with respect to vacation time taken among CEOs; however, those at larger firms reported working more hours per week than reported by those working at smaller firms.
- Job satisfaction is highest among CEOs at the largest firms, and they are more likely to be partners in the firm.
- 88% of CEOs/presidents held some designation or accreditation. The CERTIFIED FINANCIAL PLANNER™ (CFP®) designation is the most commonly held (63%). By contrast, 46% of the total respondent pool hold that certification.

# KEY METRICS BY ROLE

## CEO OVERVIEW

COMPENSATION	ASSETS			REGION				CEO	ALL
	LOW	MID	HIGH	NORTH EAST	MID WEST	SOUTH	WEST	MEDIAN	RESPONDENTS
<b>Please complete the following as it relates to your annual compensation in 2014 (medians)</b>									
Base	\$77 k	\$145 k	\$215 k	\$150 k	\$132 k	\$150 k	\$120 k	\$130 k	\$72 k
Incentive	\$60 k	\$50 k	\$112 k	\$175 k	\$50 k	\$75 k	\$150 k	\$60 k	\$50 k
Bonus	\$42 k	\$50 k	\$190 k	\$100 k	\$45 k	\$45 k	\$100 k	\$62 k	\$14 k
Other	\$100 k	\$216 k	\$425 k	\$100 k	\$275 k	\$164 k	\$170 k	\$216 k	\$120 k
Total	\$147 k	\$310 k	\$500 k	\$184 k	\$260 k	\$224 k	\$212 k	\$249 k	\$125 k
* Please note that because medians are being used, the total will not be the sum of the component parts on the question above.									
<b>Which of the following are used to determine your personal incentives/bonuses? (percentage selecting each category)</b>									
My personal performance	64%	29%	50%	50%	45%	67%	22%	46%	68%
Team performance	21%	6%	50%	25%	30%	22%	22%	24%	38%
Firm performance	71%	76%	81%	63%	85%	89%	78%	78%	66%
Other	7%	6%	6%	13%	0%	0%	22%	6%	5%
<b>Which of the following drive your personal incentives/bonuses? (percentage selecting)</b>									
Client retention	43%	42%	40%	33%	42%	50%	43%	43%	43%
Client satisfaction	21%	8%	33%	33%	21%	25%	29%	25%	32%
New clients	29%	25%	33%	17%	37%	38%	29%	32%	43%
New assets	43%	67%	53%	17%	58%	63%	57%	52%	56%
New revenue	50%	75%	60%	67%	74%	50%	43%	64%	63%
Other	36%	8%	33%	33%	16%	13%	57%	25%	17%
None of the above	0%	0%	0%	0%	0%	0%	0%	0%	8%
<b>BENEFITS</b>									
<b>Which of the following benefits do you personally receive? (percentage selecting)</b>									
Life insurance	31%	35%	76%	38%	57%	47%	38%	46%	54%
Short-term disability	19%	15%	62%	38%	39%	26%	25%	32%	43%
Long-term disability	38%	15%	71%	31%	48%	37%	31%	37%	46%
Health insurance	81%	53%	90%	69%	61%	68%	75%	68%	70%
Flexible spending account (FSA)	6%	12%	38%	19%	13%	26%	19%	18%	23%
Health savings account (HSA)	13%	12%	52%	19%	30%	21%	19%	22%	40%
Dental	44%	32%	76%	38%	57%	47%	44%	47%	58%
Vision	44%	21%	71%	19%	43%	53%	38%	39%	45%
401(k)	50%	65%	90%	63%	78%	63%	63%	67%	68%
Roth 401(k)	31%	38%	71%	31%	70%	37%	25%	43%	27%
Pension	0%	12%	33%	6%	13%	21%	19%	14%	13%
Simple IRA	6%	21%	0%	25%	9%	11%	13%	13%	7%
Keogh IRA	0%	0%	0%	0%	0%	0%	0%	0%	0%
SEP IRA	13%	6%	0%	6%	0%	5%	13%	5%	2%
SARSEP IRA	0%	0%	0%	0%	0%	0%	0%	0%	2%
Planning/investment plan services	38%	21%	19%	19%	39%	16%	13%	22%	11%
Ability to earn equity	19%	9%	33%	19%	26%	5%	19%	17%	12%
Ability to earn options	0%	0%	10%	6%	4%	0%	0%	3%	6%
Financial support for professional dev. (incl. conferences)	69%	62%	71%	44%	78%	68%	69%	66%	45%
Financial support for personal development	31%	32%	38%	25%	48%	26%	38%	34%	17%
Financial support for designations/technical training	63%	50%	71%	44%	70%	53%	56%	55%	38%
Flexible work schedule	50%	71%	43%	44%	74%	63%	38%	55%	35%
Telecommuting	6%	24%	19%	25%	13%	32%	6%	18%	14%
Paid parking	31%	15%	33%	19%	26%	26%	31%	25%	10%
Public transit compensation	13%	0%	0%	6%	0%	0%	6%	3%	3%
Professional dues	69%	44%	81%	50%	65%	68%	56%	59%	38%
Wellness/health club coverage	6%	12%	5%	0%	13%	11%	0%	8%	10%
Maternity leave	19%	32%	48%	25%	48%	32%	38%	36%	13%
Licensing/exam fees	50%	62%	76%	56%	74%	58%	56%	61%	53%
Vacation time	63%	82%	100%	81%	87%	79%	88%	83%	80%
Sick time	63%	76%	86%	75%	83%	74%	81%	76%	58%
Bereavement leave	25%	53%	52%	38%	74%	42%	31%	47%	30%

## CEO OVERVIEW CONTINUED

COMPENSATION	ASSETS			REGION				CEO	ALL
	LOW	MID	HIGH	NORTH EAST	MID WEST	SOUTH	WEST	MEDIAN	RESPONDENTS
<b>Please complete the following as it relates to your annual compensation in 2014 (medians)</b>									
<b>On average, how many weeks of vacation do you take each year? (percentage selecting)</b>									
None	12%	3%	4%	9%	6%	0%	12%	6%	4%
1-2	26%	31%	20%	9%	30%	38%	20%	25%	37%
3-4	32%	21%	48%	45%	33%	27%	28%	33%	41%
5-6	21%	33%	12%	32%	18%	23%	16%	23%	11%
7-8	0%	8%	4%	5%	0%	8%	8%	5%	3%
9-10	3%	3%	8%	0%	9%	0%	8%	5%	2%
11+	6%	3%	4%	0%	3%	4%	8%	4%	2%
<b>On average, how many hours a week do you work? (percentage selecting)</b>									
<20	3%	0%	0%	0%	0%	0%	8%	2%	1%
20-29	6%	0%	4%	5%	3%	4%	4%	4%	3%
30-39	15%	18%	8%	14%	15%	15%	12%	15%	13%
40-49	32%	44%	44%	32%	33%	50%	36%	39%	52%
50-59	29%	23%	24%	32%	21%	23%	28%	25%	21%
60+	15%	15%	20%	18%	27%	8%	12%	16%	9%
<b>JOB SATISFACTION: How would you rate your level of overall job satisfaction? (percentage selecting)</b>									
Very satisfied	52%	58%	83%	70%	60%	70%	62%	65%	44%
Somewhat satisfied	34%	24%	13%	15%	30%	17%	24%	22%	33%
Neutral	14%	5%	0%	10%	7%	9%	0%	6%	14%
Not very satisfied	0%	0%	0%	0%	0%	0%	0%	0%	5%
Very dissatisfied	0%	13%	4%	5%	3%	4%	14%	6%	4%

## SENIOR FINANCIAL ADVISERS/PLANNERS

The following table summarizes feedback from the 287 respondents who identified themselves as senior financial advisers or planners. This segment was split across all channels, and 16% were solo practitioners with no other team members. Eighty-four percent of this segment is male and 16% female. Forty percent of the group is age 50 or older.

### Highlights of the results:

- Incentives play a significant role in overall compensation for senior financial advisers/planners.
- While total compensation varies depending on firm size and region, patterns are not obvious, perhaps because certain individuals receive significant compensation packages.
- Compared with all respondents, senior advisers/planners are somewhat more likely to receive additional benefits.
- Unlike CEOs/presidents, this cohort doesn't display a close correlation between job satisfaction and firm size, although overall satisfaction is relatively high.



# KEY METRICS BY ROLE

## SENIOR FINANCIAL ADVISER/PLANNER OVERVIEW

COMPENSATION	ASSETS			REGION				ALL SR. FIN. ADVISERS/PLANNERS MEDIAN	ALL RESPONDENTS
	LOW	MID	HIGH	NORTH EAST	MID WEST	SOUTH	WEST		
<b>Please complete the following as it relates to your annual compensation in 2014 (medians)</b>									
Base	\$68 k	\$102 k	\$109 k	\$95 k	\$106 k	\$90 k	\$88 k	\$94 k	\$72 k
Incentive	\$101 k	\$140 k	\$63 k	\$83 k	\$70 k	\$110 k	\$125 k	\$82 k	\$50 k
Bonus	\$22 k	\$27 k	\$32 k	\$16 k	\$25 k	\$30 k	\$40 k	\$25 k	\$14 k
Other	\$128 k	\$240 k	\$257 k	\$157 k	\$168 k	\$93 k	\$170 k	\$170 k	\$120 k
Total	\$129 k	\$244 k	\$204 k	\$129 k	\$175 k	\$164 k	\$197 k	\$170 k	\$125 k
* Please note that because medians are being used, the total will not be the sum of the component partson the question above.									
<b>Which of the following are used to determine your personal incentives/bonuses? (percentage selecting each category)</b>									
My personal performance	75%	70%	79%	87%	69%	62%	89%	76%	68%
Team performance	38%	33%	45%	39%	41%	38%	39%	40%	38%
Firm performance	38%	67%	58%	70%	56%	62%	44%	58%	66%
Other	0%	10%	11%	9%	6%	5%	11%	7%	5%
<b>Which of the following drive your personal incentives/bonuses? (percentage selecting)</b>									
Client retention	53%	37%	61%	67%	42%	50%	61%	51%	43%
Client satisfaction	33%	27%	39%	67%	19%	20%	44%	34%	32%
New clients	60%	40%	53%	71%	42%	45%	56%	51%	43%
New assets	80%	50%	58%	71%	61%	50%	67%	62%	56%
New revenue	80%	67%	67%	76%	65%	65%	83%	70%	63%
Other	7%	17%	17%	5%	16%	20%	11%	13%	17%
None of the above	0%	17%	3%	5%	10%	10%	0%	7%	8%
<b>BENEFITS</b>									
<b>Which of the following benefits do you personally receive? (percentage selecting)</b>									
Life insurance	73%	57%	64%	87%	68%	53%	38%	65%	56%
Short-term disability	45%	50%	64%	80%	64%	35%	38%	57%	45%
Long-term disability	55%	50%	76%	80%	77%	47%	38%	65%	48%
Health insurance	73%	86%	84%	87%	91%	76%	63%	83%	73%
Flexible spending account (FSA)	27%	36%	20%	27%	32%	29%	25%	29%	24%
Health savings account (HSA)	55%	57%	68%	53%	73%	59%	50%	62%	42%
Dental	64%	71%	68%	73%	91%	59%	50%	73%	61%
Vision	55%	43%	68%	73%	64%	59%	38%	62%	47%
401(k)	73%	71%	88%	87%	91%	76%	50%	81%	71%
Roth 401(k)	27%	36%	32%	27%	32%	18%	38%	29%	28%
Pension	18%	7%	16%	20%	18%	12%	0%	14%	13%
Simple IRA	0%	21%	0%	0%	9%	0%	13%	5%	7%
Keogh IRA	0%	7%	0%	7%	0%	0%	13%	3%	2%
SEP IRA	0%	0%	4%	7%	0%	0%	0%	2%	2%
SARSEP IRA	9%	7%	12%	20%	14%	0%	25%	13%	11%
Planning/investment plan services	27%	0%	20%	13%	18%	12%	13%	14%	13%
Ability to earn equity	9%	0%	8%	0%	18%	6%	0%	8%	6%
Ability to earn options	27%	64%	48%	47%	73%	35%	25%	51%	46%
Financial support for professional dev. (includ. conferences)	18%	21%	12%	20%	27%	6%	0%	16%	17%
Financial support for personal development	45%	43%	36%	60%	59%	24%	13%	44%	40%
Financial support for designations/technical training	55%	64%	32%	33%	55%	41%	38%	43%	36%
Flexible work schedule	9%	21%	16%	7%	5%	24%	25%	13%	14%
Telecommuting	0%	0%	16%	7%	18%	12%	0%	11%	11%
Paid parking	9%	0%	4%	13%	0%	0%	0%	3%	3%
Public transit compensation	18%	43%	64%	60%	68%	35%	38%	54%	39%
Professional dues	0%	21%	4%	27%	9%	12%	0%	13%	10%
Wellness/health club coverage	0%	21%	8%	13%	9%	12%	13%	11%	14%
Maternity leave	36%	57%	56%	47%	73%	41%	50%	56%	55%
Licensing/exam fees	18%	71%	88%	87%	77%	71%	50%	75%	83%
Vacation time	18%	57%	56%	60%	59%	53%	38%	56%	60%
Sick time	0%	43%	28%	40%	36%	29%	13%	33%	32%
Bereavement leave	0%	7%	4%	0%	9%	6%	0%	5%	5%

## SENIOR FINANCIAL ADVISER/PLANNER OVERVIEW (CONTINUED)

COMPENSATION	ASSETS			REGION				ALL SR. FIN. ADVISERS/ PLANNERS MEDIAN	ALL RESPONDENTS
	LOW	MID	HIGH	NORTH EAST	MID WEST	SOUTH	WEST		
<b>On average, how many weeks of vacation do you take each year? (percentage selecting)</b>									
None	7%	2%	0%	0%	3%	4%	5%	3%	4%
1-2	44%	28%	31%	32%	28%	43%	34%	33%	37%
3-4	29%	47%	54%	54%	48%	37%	41%	46%	41%
5-6	16%	7%	7%	14%	10%	12%	5%	10%	11%
7-8	4%	5%	6%	0%	10%	0%	2%	4%	3%
9-10	0%	5%	0%	0%	0%	2%	5%	2%	2%
11+	0%	5%	2%	0%	0%	2%	7%	2%	2%
<b>Is there a job description in place for your role? (percentage selecting)</b>									
Yes, an informal understanding but no written document	38%	46%	23%	32%	27%	41%	24%	31%	33%
Yes, a formal, written document	44%	46%	64%	68%	67%	37%	59%	57%	53%
No	13%	7%	8%	0%	7%	15%	6%	8%	11%
Not applicable/I don't know	6%	0%	5%	0%	0%	7%	12%	4%	2%
<b>Do you receive performance reviews? (percentage selecting)</b>									
Yes, informally or on an ad hoc basis	19%	25%	26%	23%	27%	15%	24%	21%	25%
Yes, formally	25%	36%	46%	55%	47%	30%	47%	43%	51%
No	56%	39%	28%	23%	27%	56%	29%	35%	22%
Not applicable/I don't know.	0%	0%	0%	0%	0%	0%	0%	0%	1%
<b>How often is your salary/compensation package reviewed? (percentage selecting)</b>									
On an ad hoc basis	13%	14%	13%	14%	13%	7%	22%	14%	17%
More often than once a year	0%	3%	0%	0%	0%	4%	0%	1%	2%
Once a year	33%	59%	67%	62%	73%	44%	50%	59%	60%
Every other year	7%	3%	3%	5%	3%	4%	6%	4%	2%
Every three years or longer	7%	3%	0%	0%	0%	7%	0%	2%	3%
Other	0%	0%	0%	0%	0%	4%	0%	1%	1%
Not applicable/It isn't reviewed formally.	40%	17%	18%	19%	10%	30%	22%	19%	15%
<b>When was the last time your base salary was increased? (percentage selecting)</b>									
Less than 1 year ago	20%	45%	41%	52%	43%	26%	44%	40%	48%
1-2 years ago	20%	3%	15%	14%	10%	15%	11%	12%	18%
3-4 years ago	0%	7%	13%	0%	13%	11%	6%	8%	6%
5 or more years ago	7%	10%	0%	5%	10%	4%	0%	5%	4%
Never	13%	17%	10%	14%	13%	15%	6%	13%	11%
Not applicable/I don't know	40%	17%	21%	14%	10%	30%	33%	21%	13%
<b>On average, how many hours a week do you work? (percentage selecting)</b>									
<20	0%	2%	0%	0%	0%	0%	2%	1%	1%
20-29	7%	2%	0%	5%	0%	6%	5%	4%	3%
30-39	22%	12%	11%	5%	19%	10%	22%	14%	13%
40-49	37%	57%	54%	51%	52%	53%	41%	50%	52%
50-59	26%	26%	24%	32%	22%	22%	22%	25%	21%
60+	7%	2%	11%	5%	7%	8%	7%	7%	9%
<b>JOB SATISFACTION</b>									
<b>How would you rate your level of overall job satisfaction? (percentage selecting)</b>									
Very satisfied	42%	50%	37%	43%	46%	32%	50%	43%	44%
Somewhat satisfied	29%	26%	33%	21%	24%	34%	35%	29%	33%
Neutral	16%	13%	20%	21%	16%	26%	3%	16%	14%
Not very satisfied	6%	7%	2%	4%	12%	5%	3%	6%	5%
Very dissatisfied	6%	4%	8%	11%	2%	3%	9%	6%	4%

### JUNIOR FINANCIAL ADVISERS/PLANNERS

Of our total respondents, 127 identified themselves as junior financial advisers or planners, whose feedback is summarized in the next table. Seventy-two percent of this segment is male and 28% female. Eleven percent is age 50 or older.

#### Highlights of the results:

- Overall compensation for junior advisers/planners falls within a relatively narrow range when examined by firm or region.
- Compensation is largely driven by personal performance rather than tied to a team or to the firm as a whole.
- Only 40% of junior advisers have a formal role description, and just 46% receive formal performance reviews.
- Job satisfaction is generally below average among this segment.

## JUNIOR/ASSOCIATE FINANCIAL ADVISER/PLANNER OVERVIEW

COMPENSATION	ASSETS			REGION				ALL JR. FINANCIAL ADVISER/PLANNERS MEDIAN	ALL RESPONDENTS
	LOW	MID	HIGH	NORTH EAST	MID WEST	SOUTH	WEST		
<b>Please complete the following as it relates to your annual compensation in 2014 (medians)</b>									
Base	\$48 k	\$60 k	\$62 k	\$51 k	\$45 k	\$49 k	\$51 k	\$50 k	\$72 k
Incentive	\$39 k	\$12 k	\$18 k	\$15 k	\$20 k	\$17 k	\$7 k	\$17 k	\$50 k
Bonus	\$10 k	\$4 k	\$7 k	\$8 k	\$8 k	\$4 k	\$7 k	\$7 k	\$14 k
Other	\$13 k	\$20 k	\$20 k	\$9 k	\$26 k	\$80 k	\$12 k	\$13 k	\$120 k
Total	\$54 k	\$63 k	\$71 k	\$56 k	\$58 k	\$59 k	\$61 k	\$60 k	\$125 k
* Please note that because medians are being used, the total will not be the sum of the component partson the question above.									
<b>Which of the following are used to determine your personal incentives/bonuses? (percentage selecting each category)</b>									
My personal performance	75%	73%	96%	90%	80%	89%	80%	84%	68%
Team performance	50%	18%	50%	50%	40%	39%	20%	39%	38%
Firm performance	50%	100%	79%	80%	60%	78%	60%	67%	66%
Other	0%	9%	0%	0%	10%	0%	0%	3%	5%
<b>Which of the following drive your personal incentives/bonuses? (percentage selecting)</b>									
Client retention	42%	50%	32%	33%	40%	39%	23%	38%	43%
Client satisfaction	17%	20%	50%	33%	40%	39%	8%	31%	32%
New clients	50%	50%	50%	56%	80%	50%	38%	53%	43%
New assets	75%	50%	50%	67%	80%	56%	54%	59%	56%
New revenue	83%	60%	50%	78%	60%	67%	69%	67%	63%
Other	8%	40%	18%	0%	10%	28%	23%	17%	17%
None of the above	8%	20%	0%	11%	10%	0%	0%	5%	8%
<b>BENEFITS</b>									
<b>Which of the following benefits do you personally receive? (percentage selecting)</b>									
Life insurance	50%	18%	70%	30%	55%	65%	50%	50%	56%
Short-term disability	40%	18%	35%	20%	36%	24%	38%	29%	45%
Long-term disability	40%	27%	55%	20%	36%	47%	44%	38%	48%
Health insurance	60%	73%	80%	80%	45%	88%	75%	71%	73%
Flexible spending account (FSA)	10%	0%	35%	0%	9%	29%	31%	20%	24%
Health savings account (HSA)	20%	36%	50%	20%	27%	47%	44%	36%	42%
Dental	60%	36%	65%	60%	55%	59%	56%	55%	61%
Vision	50%	18%	45%	40%	36%	47%	38%	39%	47%
401(k)	60%	55%	80%	40%	55%	65%	69%	61%	71%
Roth 401(k)	20%	18%	55%	10%	55%	29%	38%	34%	28%
Pension	20%	9%	0%	10%	9%	6%	0%	9%	13%
Simple IRA	0%	18%	5%	10%	9%	18%	0%	9%	7%
Keogh IRA	0%	0%	0%	0%	0%	0%	0%	0%	2%
SEP IRA	0%	9%	5%	0%	0%	12%	0%	4%	2%
SARSEP IRA	20%	9%	10%	10%	0%	6%	13%	9%	11%
Planning/investment plan services	20%	9%	5%	20%	0%	12%	6%	9%	13%
Ability to earn equity	10%	0%	0%	10%	0%	0%	6%	4%	6%
Ability to earn options	40%	64%	65%	30%	55%	53%	50%	50%	46%
Financial support for professional dev. (includ. conferences)	10%	27%	25%	20%	9%	18%	25%	18%	17%
Financial support for personal development	40%	45%	65%	30%	55%	59%	38%	45%	40%
Financial support for designations/technical training	70%	18%	45%	20%	45%	47%	44%	41%	36%
Flexible work schedule	0%	18%	15%	20%	0%	18%	19%	14%	14%
Telecommuting	0%	18%	0%	10%	0%	12%	0%	5%	11%
Paid parking	0%	0%	5%	0%	0%	0%	6%	2%	3%
Public transit compensation	30%	55%	45%	40%	55%	53%	31%	43%	39%
Professional dues	0%	0%	15%	0%	27%	6%	6%	9%	10%
Wellness/health club coverage	10%	9%	15%	10%	27%	12%	13%	14%	14%
Maternity leave	70%	73%	60%	50%	55%	65%	56%	59%	55%
Licensing/exam fees	80%	91%	100%	90%	91%	94%	81%	88%	83%
Vacation time	70%	45%	65%	50%	64%	76%	63%	64%	60%
Sick time	40%	27%	25%	30%	9%	29%	25%	25%	32%
Bereavement leave	0%	0%	0%	10%	0%	0%	0%	2%	5%

## JUNIOR/ASSOCIATE FINANCIAL ADVISER/PLANNER OVERVIEW (CONTINUED)

COMPENSATION	ASSETS			REGION				ALL JR. FINANCIAL ADVISER/PLANNERS MEDIAN	ALL RESPONDENTS
	LOW	MID	HIGH	NORTH EAST	MID WEST	SOUTH	WEST		
<b>On average, how many weeks of vacation do you take each year? (percentage selecting)</b>									
None	4%	0%	0%	5%	6%	6%	0%	4%	4%
1-2	67%	74%	37%	62%	50%	63%	39%	55%	37%
3-4	29%	26%	59%	29%	39%	28%	52%	36%	41%
5-6	0%	0%	0%	0%	6%	3%	0%	2%	11%
7-8	0%	0%	0%	0%	0%	0%	9%	2%	3%
9-10	0%	0%	0%	0%	0%	0%	0%	0%	2%
11+	0%	0%	4%	5%	0%	0%	0%	1%	2%
<b>PERFORMANCE</b>									
<b>Is there a job description in place for your role? (percentage selecting)</b>									
Yes, an informal understanding but no written document	43%	50%	43%	43%	21%	50%	44%	43%	33%
Yes, a formal, written document	43%	22%	39%	29%	57%	36%	44%	40%	53%
No	14%	28%	13%	21%	21%	14%	11%	16%	11%
Not applicable/I don't know	0%	0%	4%	7%	0%	0%	0%	1%	2%
<b>Do you receive performance reviews? (percentage selecting)</b>									
Yes, informally or on an ad hoc basis	29%	50%	39%	50%	29%	32%	33%	36%	25%
Yes, formally	50%	22%	57%	36%	50%	55%	44%	46%	51%
No	14%	28%	4%	14%	21%	14%	11%	16%	22%
Not applicable/I don't know.	7%	0%	0%	0%	0%	0%	11%	3%	1%
<b>How often is your salary/compensation package reviewed? (percentage selecting)</b>									
On an ad hoc basis	36%	28%	27%	14%	7%	36%	24%	25%	17%
More often than once a year	7%	6%	0%	0%	7%	5%	0%	3%	2%
Once a year	57%	39%	68%	64%	64%	50%	59%	57%	60%
Every other year	0%	0%	0%	0%	0%	0%	0%	0%	2%
Every three years or longer	0%	11%	0%	7%	0%	5%	0%	3%	3%
Other	0%	0%	0%	0%	0%	0%	6%	1%	1%
Not applicable/It isn't reviewed formally.	0%	17%	5%	14%	21%	5%	12%	12%	15%
<b>When was the last time your base salary was increased? (percentage selecting)</b>									
Less than 1 year ago	54%	61%	61%	54%	29%	59%	56%	51%	48%
1-2 years ago	15%	11%	9%	8%	29%	23%	17%	19%	18%
3-4 years ago	0%	6%	4%	8%	7%	0%	0%	3%	6%
5 or more years ago	0%	6%	0%	15%	0%	0%	0%	3%	4%
Never	23%	11%	9%	15%	14%	5%	17%	12%	11%
Not applicable/I don't know	8%	6%	17%	0%	21%	14%	11%	13%	13%
<b>On average, how many hours a week do you work? (percentage selecting)</b>									
<20	4%	5%	0%	5%	0%	3%	4%	3%	1%
20-29	0%	0%	0%	0%	0%	0%	4%	1%	3%
30-39	17%	5%	4%	0%	11%	9%	17%	10%	13%
40-49	75%	63%	74%	71%	67%	72%	61%	68%	52%
50-59	4%	21%	19%	19%	17%	13%	9%	13%	21%
60+	0%	5%	4%	5%	6%	3%	4%	4%	9%
<b>JOB SATISFACTION</b>									
<b>How would you rate your level of overall job satisfaction? (percentage selecting)</b>									
Very satisfied	40%	32%	33%	38%	27%	38%	24%	33%	44%
Somewhat satisfied	30%	42%	46%	44%	33%	46%	33%	39%	33%
Neutral	15%	16%	17%	6%	20%	8%	33%	18%	14%
Not very satisfied	10%	11%	4%	13%	20%	8%	5%	10%	5%
Very dissatisfied	5%	0%	0%	0%	0%	0%	5%	1%	4%

### NON-ADVISER MANAGEMENT

Feedback from the 73 respondents who identified themselves as non-adviser management appears in the table below. Thirty-nine percent of this group held a C-level position; the rest were in other management roles. Their functions included general management, compliance and business development. Because this group represents a small portion of the overall sample, it is not broken down into sub-segments by AUM or region. Sixty percent of the segment is male and 40% female. Thirty-four percent is age 50 or older.

#### Highlights of the results:

- For non-adviser managers, base salary is a significant portion of overall compensation.
- Where incentives or bonuses are paid, they are typically linked to the firm's performance.
- This segment is less likely than others to be compensated based on revenue or asset growth.
- Overall job satisfaction is relatively high, though somewhat lower than the average for all respondents.

## NON-ADVISER MANAGEMENT OVERVIEW

COMPENSATION	ALL NON-ADVISER MANAGEMENT MEDIAN	ALL RESPONDENTS
<b>Please complete the following as it relates to your annual compensation in 2014 (medians)</b>		
Base	\$67 k	\$72 k
Incentive	\$13 k	\$50 k
Bonus	\$10 k	\$14 k
Other	\$23 k	\$120 k
Total	\$81 k	\$126 k
* Please note that because medians are being used, the total will not be the sum of the component parts on the question above		
<b>Which of the following are used to determine your personal incentives/bonuses? (percentage selecting each category)</b>		
My personal performance	61%	68%
Team performance	47%	38%
Firm performance	67%	66%
Other	3%	5%
<b>Which of the following drive your personal incentives/bonuses? (percentage selecting)</b>		
Client retention	41%	43%
Client satisfaction	28%	32%
New clients	31%	43%
New assets	44%	56%
New revenue	47%	63%
Other	22%	17%
None of the above	22%	8%
<b>BENEFITS</b>		
<b>Which of the following benefits do you personally receive? (percentage selecting)</b>		
Life insurance	65%	56%
Short-term disability	71%	45%
Long-term disability	47%	48%
Health insurance	59%	73%
Flexible spending account (FSA)	24%	24%
Health savings account (HSA)	18%	42%
Dental	53%	61%
Vision	47%	47%
401(k)	71%	71%
Roth 401(k)	24%	28%
Pension	29%	13%
Simple IRA	6%	7%
Keogh IRA	0%	2%
SEP IRA	0%	2%
SARSEP IRA	0%	11%
Planning/investment plan services	24%	13%
Ability to earn equity	12%	6%
Ability to earn options	41%	46%
Financial support for professional development (including conferences)	18%	17%
Financial support for personal development	29%	40%
Financial support for designations/technical training	47%	36%
Flexible work schedule	29%	14%
Telecommuting	18%	11%
Paid parking	6%	3%
Public transit compensation	18%	39%
Professional dues	12%	10%
Wellness/health club coverage	6%	14%
Maternity leave	35%	55%
Licensing/exam fees	94%	83%
Vacation time	71%	60%
Sick time	29%	32%
Bereavement leave	6%	5%

## NON-ADVISER MANAGEMENT OVERVIEW (CONTINUED)

COMPENSATION	ALL NON-ADVISER MANAGEMENT MEDIAN	ALL RESPONDENTS
<b>On average, how many weeks of vacation do you take each year? (percentage selecting)</b>		
None	4%	4%
1-2	38%	37%
3-4	45%	41%
5-6	9%	11%
7-8	0%	3%
9-10	2%	2%
11+	2%	2%
<b>PERFORMANCE</b>		
<b>Is there a job description in place for your role? (percentage selecting)</b>		
Yes, an informal understanding but no written document	24%	33%
Yes, a formal, written document	59%	53%
No	16%	11%
Not applicable/I don't know	0%	2%
<b>Do you receive performance reviews? (percentage selecting)</b>		
Yes, informally or on an ad hoc basis	27%	25%
Yes, formally	59%	51%
No	14%	22%
Not applicable/I don't know.	0%	1%
<b>How often is your salary/compensation package reviewed? (percentage selecting)</b>		
On an ad hoc basis	19%	17%
More often than once a year	8%	2%
Once a year	59%	60%
Every other year	0%	2%
Every three years or longer	5%	3%
Other	3%	1%
Not applicable/It isn't reviewed formally.	5%	15%
<b>When was the last time your base salary was increased? (percentage selecting)</b>		
Less than 1 year ago	41%	48%
1-2 years ago	38%	18%
3-4 years ago	8%	6%
5 or more years ago	5%	4%
Never	8%	11%
Not applicable/I don't know	0%	13%
<b>On average, how many hours a week do you work? (percentage selecting)</b>		
<20	2%	1%
20-29	2%	3%
30-39	9%	13%
40-49	43%	52%
50-59	23%	21%
60+	21%	9%
<b>JOB SATISFACTION</b>		
<b>How would you rate your level of overall job satisfaction? (percentage selecting)</b>		
Very satisfied	41%	44%
Somewhat satisfied	43%	33%
Neutral	11%	14%
Not very satisfied	5%	5%
Very dissatisfied	0%	4%



### SUPPORT TEAM

The following table summarizes feedback from the 56 respondents who identified themselves as support staff. Like non-adviser management, this was a small group, so we did not break it into sub-segments by AUM or region. Thirty-seven percent of the segment is male and 63% female. Twenty percent is age 50 or older.

#### Highlights of the results:

- Incentives and bonuses account for only a small portion of overall compensation among support staff.
- In general, this segment receives fewer benefits.
- Responsibilities for support staff are likely to be formally documented, and performance is likely to be formally reviewed.
- Overall job satisfaction for this segment is relatively low compared with the average for all respondents.

# KEY METRICS BY ROLE

## SUPPORT TEAM OVERVIEW

COMPENSATION	ALL SUPPORT TEAM	ALL RESPONDENTS
<b>Please complete the following as it relates to your annual compensation in 2014 (medians)</b>		
Base	\$46 k	\$72 k
Incentive	\$8 k	\$50 k
Bonus	\$5 k	\$14 k
Other	\$10 k	\$120 k
Total	\$50 k	\$126 k
* Please note that because medians are being used, the total will not be the sum of the component partson the question above.		
<b>Which of the following are used to determine your personal incentives/bonuses? (percentage selecting each category)</b>		
My personal performance	54%	68%
Team performance	42%	38%
Firm performance	73%	66%
Other	8%	5%
<b>Which of the following drive your personal incentives/bonuses? (percentage selecting)</b>		
Client retention	23%	43%
Client satisfaction	41%	32%
New clients	27%	43%
New assets	45%	56%
New revenue	41%	63%
Other	14%	17%
None of the above	18%	8%
<b>BENEFITS</b>		
<b>Which of the following benefits do you personally receive? (percentage selecting)</b>		
Life insurance	44%	56%
Short-term disability	34%	45%
Long-term disability	31%	48%
Health insurance	63%	73%
Flexible spending account (FSA)	22%	24%
Health savings account (HSA)	25%	42%
Dental	50%	61%
Vision	31%	47%
401(k)	69%	71%
Roth 401(k)	19%	28%
Pension	9%	13%
Simple IRA	9%	7%
Keogh IRA	3%	2%
SEP IRA	0%	2%
SARSEP IRA	19%	11%
Planning/investment plan services	9%	13%
Ability to earn equity	3%	6%
Ability to earn options	34%	46%
Financial support for professional development (including conferences)	19%	17%
Financial support for personal development	28%	40%
Financial support for designations/technical training	9%	36%
Flexible work schedule	9%	14%
Telecommuting	16%	11%
Paid parking	3%	3%
Public transit compensation	16%	39%
Professional dues	6%	10%
Wellness/health club coverage	22%	14%
Maternity leave	56%	55%
Licensing/exam fees	88%	83%
Vacation time	56%	60%
Sick time	41%	32%
Bereavement leave	9%	5%

## SUPPORT TEAM OVERVIEW (CONTINUED)

COMPENSATION	ALL SUPPORT TEAM	ALL RESPONDENTS
<b>On average, how many weeks of vacation do you take each year? (percentage selecting)</b>		
None	3%	4%
1-2	40%	37%
3-4	49%	41%
5-6	6%	11%
7-8	0%	3%
9-10	0%	2%
11+	3%	2%
<b>PERFORMANCE</b>		
<b>Is there a job description in place for your role? (percentage selecting)</b>		
Yes, an informal understanding but no written document	31%	33%
Yes, a formal, written document	61%	53%
No	8%	11%
Not applicable/I don't know	0%	2%
<b>Do you receive performance reviews? (percentage selecting)</b>		
Yes, informally or on an ad hoc basis	14%	25%
Yes, formally	70%	51%
No	14%	22%
Not applicable/I don't know.	3%	1%
<b>How often is your salary/compensation package reviewed? (percentage selecting)</b>		
On an ad hoc basis	14%	17%
More often than once a year	0%	2%
Once a year	67%	60%
Every other year	0%	2%
Every three years or longer	3%	3%
Other	0%	1%
Not applicable/It isn't reviewed formally.	17%	15%
<b>When was the last time your base salary was increased? (percentage selecting)</b>		
Less than 1 year ago	68%	48%
1-2 years ago	14%	18%
3-4 years ago	3%	6%
5 or more years ago	5%	4%
Never	8%	11%
Not applicable/I don't know	3%	13%
<b>On average, how many hours a week do you work? (percentage selecting)</b>		
<20	0%	1%
20-29	0%	3%
30-39	11%	13%
40-49	77%	52%
50-59	11%	21%
60+	0%	9%
<b>JOB SATISFACTION</b>		
<b>How would you rate your level of overall job satisfaction? (percentage selecting)</b>		
Very satisfied	22%	44%
Somewhat satisfied	49%	33%
Neutral	22%	14%
Not very satisfied	5%	5%
Very dissatisfied	3%	4%

## BUSINESS OVERVIEW

	MEDIAN: INDIVIDUAL RESPONDENT (IF APPLICABLE)	MEDIAN: FIRM
Assets under Management	\$50m	\$ 200m
Gross Revenue	\$367.5k	\$ 1.4m
Expenses	\$150k	\$ 750k
Client households	140	300

*Note: If the individual adviser is a solo practitioner, his/her numbers are also included under "firm".*

**Q:** Please provide the following information for your business.

## ROLE

Senior financial adviser or financial planner	41%
CEO/president	22%
Junior/associate financial adviser or financial planner	18%
Non-adviser management (e.g., CCO, manager of operations)	11%
Support staff (including technical and administrative staff)	8%

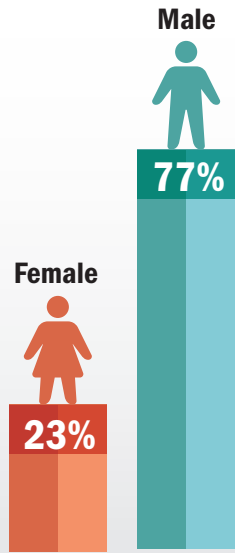
**Q:** Which of the following best describes your role?

CHANNEL	
Independent RIA	33%
National, regional or independent broker-dealer	22%
Hybrid RIA/broker-dealer	12%
National or regional wirehouse	10%
Insurance brokerage/agency	8%
Bank/credit union	8%
Other	8%

**Q:** Which of the following best describes your business model/firm?

TEAM SIZE	
Just myself (1)	13%
2-3	30%
4-5	22%
6-7	9%
8-9	6%
10+	20%

**Q:** Including yourself, how many team members do you have?



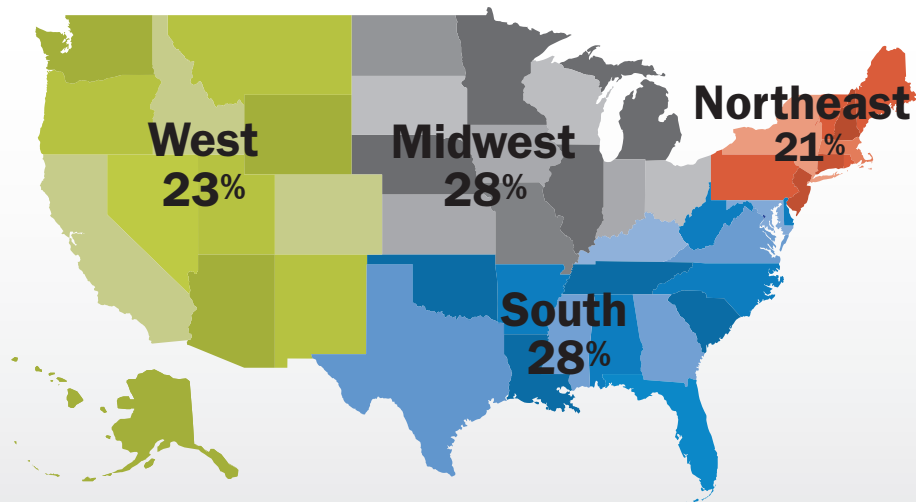
Q: What is your gender?

AGE	
Under 30	14%
30-39	25%
40-49	23%
50-59	23%
60-64	9%
65 +	5%
I prefer not to answer	1%

Q: Which of the following describes your age?

AREA	
Large city	40%
Suburban	31%
Small city	25%
Rural	4%
Other	1%

**Q:** Which of the following best describes the area where you work?



**Q:** In which state are you located?

## CONTACT

If you are a member of the media and are interested in interviewing an FPA leader about this report, or need assistance securing additional research, please contact:

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### FINANCIAL ADVISOR

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