



**CFA Society
Madison**

NOVEMBER 2018



**CFA Society
Milwaukee**



**2018 FINANCIAL
COMPENSATION SURVEY**
FINDINGS AND RESULTS

Dear Colleagues,

As premier professional organizations for investment professionals, CFA Society Madison and CFA Society Milwaukee are dedicated to being reliable and trustworthy sources of information. Each Society strives to serve its members by providing them the resources to aid in their career development and advancement.

We are excited to announce the highly anticipated findings of the *2018 Financial Compensation Survey*. Our Societies are pleased once again to participate in this unique survey, which provides a region-specific analysis of compensation levels for investment and financial professionals. This whitepaper captures the findings of the survey, providing an overview of the survey-wide results.

For those who participated in the survey, we thank you for your contribution to this important market resource. We are confident the information contained in this document will be of value to you.

Our best regards,

Brian Hellmer, CFA, CIPM
President, CFA Society Madison

Pete Speidel, CFA, CAIA
President, CFA Society Milwaukee

Executive summary

Access to accurate and data-driven information plays a significant role in the ability of financial and investment professionals to effectively perform in their careers. The same is true to successfully advance one's career.

The 2018 CFA Societies Financial Compensation Survey seeks to provide access to this vital information. This report is a compilation of the results from a survey on compensation practices in Madison and Milwaukee conducted earlier this year; 227 professionals completed the survey.

Remaining true to the stated commitment to provide an accurate snapshot of the compensation levels for the entire financial and investment industry, the survey findings are presented to demonstrate compensation based on the most popular positions and other demographics.

The survey requested self-reported data on numerous aspects of compensation. In addition to covering base salary and total compensation, the survey addressed the respondent's CFA Charterholder status, level of education, and occupation. Information on the type and size of the firm as well as the amount of assets under management were included in the survey. The survey captured expected annual salary change data, plus the respondent's view on the adequacy of compensation and the desire to explore other job opportunities.

The 2018 Financial Compensation Survey data and exhibits are intended to provide general guidance for comparing compensation levels with overall values for key categories. Note that actual compensation potential may vary relative to the numbers generated by the survey given the use of relatively broad category definitions. Also, the estimation of compensation based on any single factor may not predict reasonably accurate estimates. Details surrounding actual job responsibilities and the confluence of multiple factors may result in higher or lower compensation levels.

98.1%

of respondents holding the CFA[®]
Charter report that the designation
has helped their career.

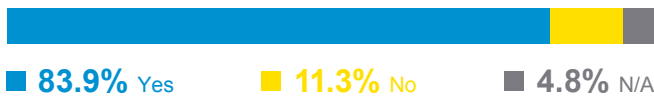
Years of experience

< 2 years	9.2%
2 – 5 years	12.6%
5 – 10 years	20.1%
10 – 20 years	34.3%
20 + years	23.8%

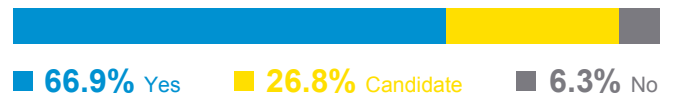
Education

Associate degree	0.4%
Bachelor degree	54.0%
Graduate degree	43.1%
Doctorate	2.5%

Feel valued by their company



Charterholder status

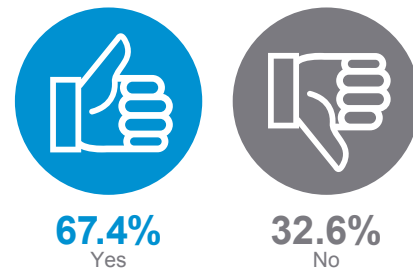


Median total compensation*

Bachelor degree	
Non-Charterholder	\$79,800
CFA Charterholder	\$162,500
Graduate degree	
Non-Charterholder	\$108,594
CFA Charterholder	\$237,357

Non-Charterholder
 CFA Charterholder

Feel fairly compensated



*Median total compensation figures listed do not control for other variables such as years of experience and job title.

Our data show that professionals who attain the CFA designation and/or a graduate degree tend to have higher compensation levels.

Employer size

< 50		23.4%
50 to < 250		15.9%
250 to < 500		6.3%
500 to < 2,500		13.4%
2,500 to < 5,000		15.9%
> 5,000		25.1%

AUM of firm

< \$500 million		9.2%
\$500 million to < \$2 billion		10.9%
\$2 billion to < \$50 billion		26.8%
> \$50 billion		40.2%
Not Applicable		13.0%

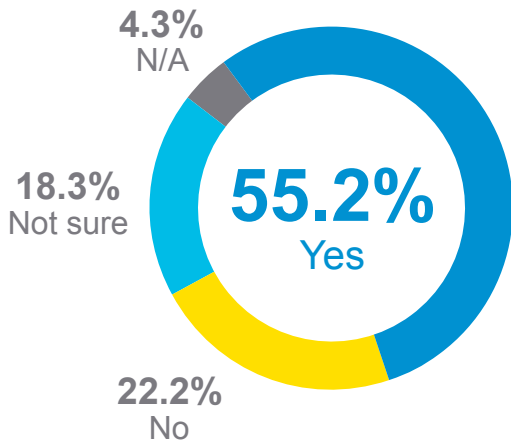
Fifteen most common occupations

Portfolio manager (equities)	9.1%
Buy-side research analyst (fixed income)	9.1%
Buy-side research analyst (equity)	8.3%
Bank/trust/private client portfolio manager	7.9%
Financial advisor/broker	7.1%
Other	5.4%
Financial analyst (corporate)	5.0%
Chief investment officer	5.0%
Risk manager	3.7%
Consultant	3.7%
Manager research (equity)	3.3%
Portfolio manager (fixed income)	3.3%
Operations/reconciliation	2.5%
Client services	2.5%
Manager of managers/director of investments	2.1%

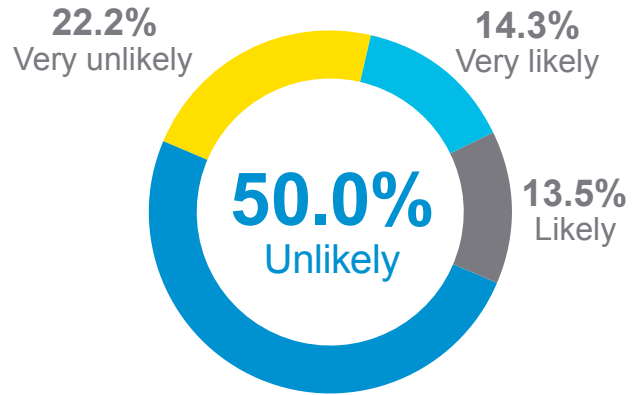
Organization type

Investment management firm	36.4%
Investment bank, commercial bank, brokerage firm, trust company	24.3%
Insurance company	14.2%
Other	11.3%
Government agency/department	5.0%
Consulting, accounting, law firm	3.3%
Educational institution	1.7%
Endowment, foundation, other not-for-profit	1.3%
Corporate plan sponsor	1.3%
Family office	0.8%
Hedge fund or fund of hedge funds	0.4%

Opportunity for advancement within company



Likelihood of looking for a new role in 2018



Reason for looking for a new role	Very likely	Likely
Better work/life balance	0%	5%
Higher compensation	11%	19%
More challenging work/career advancement	22%	19%
Other	5%	0%
Poor culture/lack of respect	14%	5%
Recently completed degree/obtained certification	0%	2%

The most commonly cited reasons for looking for a new role were pursuing more challenging work/career advancement followed by higher compensation.

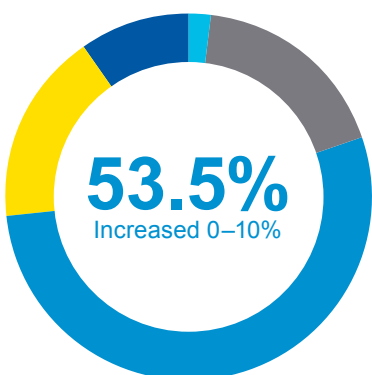
Types of compensation in addition to base salary

Cash/bonus performance	78%
Employer 401(k) contributions	64%
Profit sharing	32%
Deferred /multi-year earnings	14%
Restricted stock awards/phantom shares	11%
Commission/ a sales bonus	10%
Stock options	5%

Primary Determinant of Bonus

Business unit/division performance	32.8%
Overall firm performance	23.1%
Discretionary	20.4%
Individual investment performance	11.3%
Other factors related to individual performance	9.1%
Individual financial contribution	2.2%
Commissions generated	1.1%

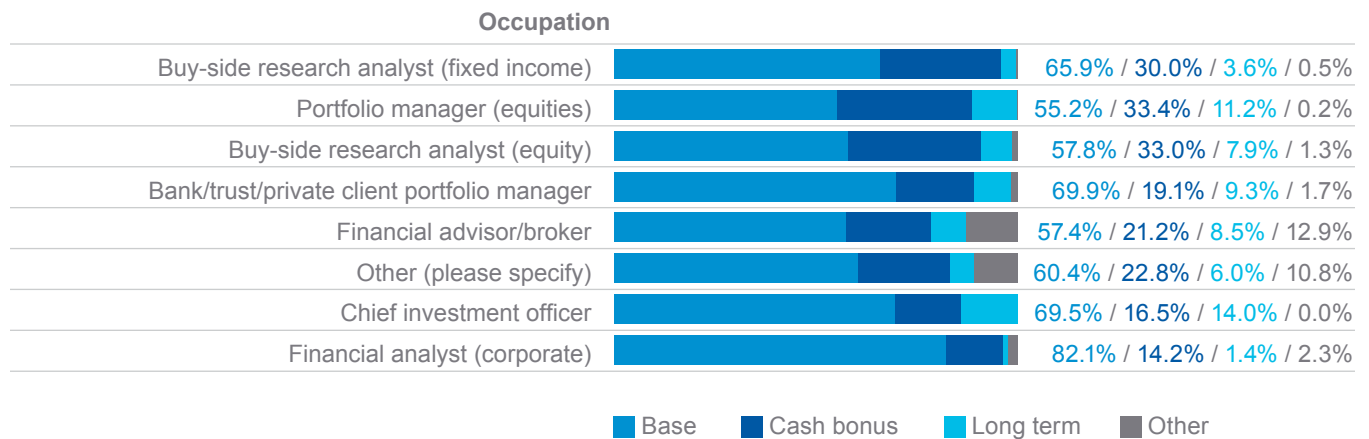
Expected change in total compensation



Decline	2.2%
Stay the same	17.8%
Increased 10-20%	17.0%
Increased > 20%	9.6%

Business unit/division performance and overall firm performance were the top two determinants of bonus.

How respondents wish their compensation was structured



Note: Figures represent average of response to ideal compensation.

Median and 75th Percentile Total Compensation by Occupation

Position	Total Comp	N	Base	Bonus	Other Comp
Buy-side research analyst (fixed income)	158,750	22	102,500	44,000	9,600
75th percentile	403,250		174,750	150,000	40,500
Portfolio manager (equities)	261,243	22	150,000	59,500	32,250
75th percentile	459,750		175,750	168,750	51,250
Buy-side research analyst (equity)	201,870	20	117,500	100,000	9,679
75th percentile	274,750		128,750	137,000	17,435
Bank/trust/private client portfolio manager	174,000	19	125,000	28,400	13,900
75th percentile	188,650		147,750	41,250	28,625
Financial advisor/broker*	121,500	17	92,000	8,700	23,000
75th percentile	177,000		104,000	26,125	100,000
Other	115,000	13	104,750	11,150	11,000
75th percentile	150,500		124,625	33,750	14,750
Chief investment officer*	246,650	12	170,000	50,000	35,000
75th percentile	330,000		219,000	100,000*	140,000
Financial analyst (corporate)	75,000	12	65,000	4,000	5,000
75th percentile	95,625		81,347	10,000	7,200

Note

*For certain positions, the Total Comp figure can appear skewed when multiple respondents have no Base, no Bonus and/or no Other Comp to report.

Only Reported for positions with more than 10 responses.

Base/Bonus/Other Comp/Total Comp figures were calculated independently from each other.

Suggestion: The best way to read this chart is to start with the Total Comp column ... and then use the Base, Bonus and Other Comp columns to understand generally how Total Comp is structured.

Reported median compensation for those with less than 5 years of experience for selected occupations

Position	Total Comp	N	Base	N	Bonus	N	Other Comp	N
Buy-side research analyst (fixed income)	87,000	7	65,000	7	15,000	7	4,150	6
Financial analyst (corporate)	61,450	7	55,000	7	2,000	5	6,000	5
Buy-side research analyst (equity)	101,100	6	87,500	6	n/a	4	n/a	4
Consultant	62,000	5	60,000	5	n/a	3	n/a	4

Reported median compensation for those with 5 to less than 10 years of experience for selected occupations

Position	Total Comp	N	Base	N	Bonus	N	Other Comp	N
Financial advisor/broker	104,500	6	n/a	4	n/a	4	19,750	6

Note

Cells in yellow reflect fewer than 5 responses.

Base/Bonus/Other Comp/Total Comp figures are median and were calculated independently from each other.

Calculation of median statistics only includes those individuals who stated that they are eligible to receive a given form of compensation. Therefore, we would not expect these numbers to add up to the total compensation figure.

Suggestion: The best way to read this chart is to start with the Total Comp column ... and then use the Base, Bonus and Other Comp columns to understand generally how Total Comp is structured.

Median total compensation for those with less than 5 years of experience is \$75,000. Median total compensation for those with 5 to less than 10 years of experience is \$113,150.

Reported median compensation for those with 10 to less than 20 years of experience for selected occupations

Position	Total Comp	N	Base	N	Bonus	N	Other Comp	N
Buy-side research analyst (fixed income)	415,000	11	175,000	11	150,000	11	40,500	10
Portfolio manager (equities)	293,500	10	167,500	10	107,500	10	46,000	7
Buy-side research analyst (equity)	228,740	9	120,000	9	92,500	8	15,000	7
Manager research (equity)	131,255	6	104,500	6	21,650	6	7,500	5
Chief investment officer	165,000	5	150,000	5	n/a	2	n/a	3
Bank/trust/private client portfolio manager	175,000	5	130,000	5	30,000	5	7,500	5

Reported median compensation for those with more than 20 years of experience for selected occupations

Position	Total Comp	N	Base	N	Bonus	N	Other Comp	N
Bank/trust/private client portfolio manager	178,650	9	147,500	9	26,800	7	15,600	9
Portfolio manager (equities)	261,243	8	137,500	8	49,000	5	20,000	7
Chief investment officer	335,000	6	221,000	6	n/a	3	n/a	4
Financial advisor/broker	201,500	5	130,000	5	26,500	5	75,000	5

Note

Cells in yellow reflect fewer than 5 responses.

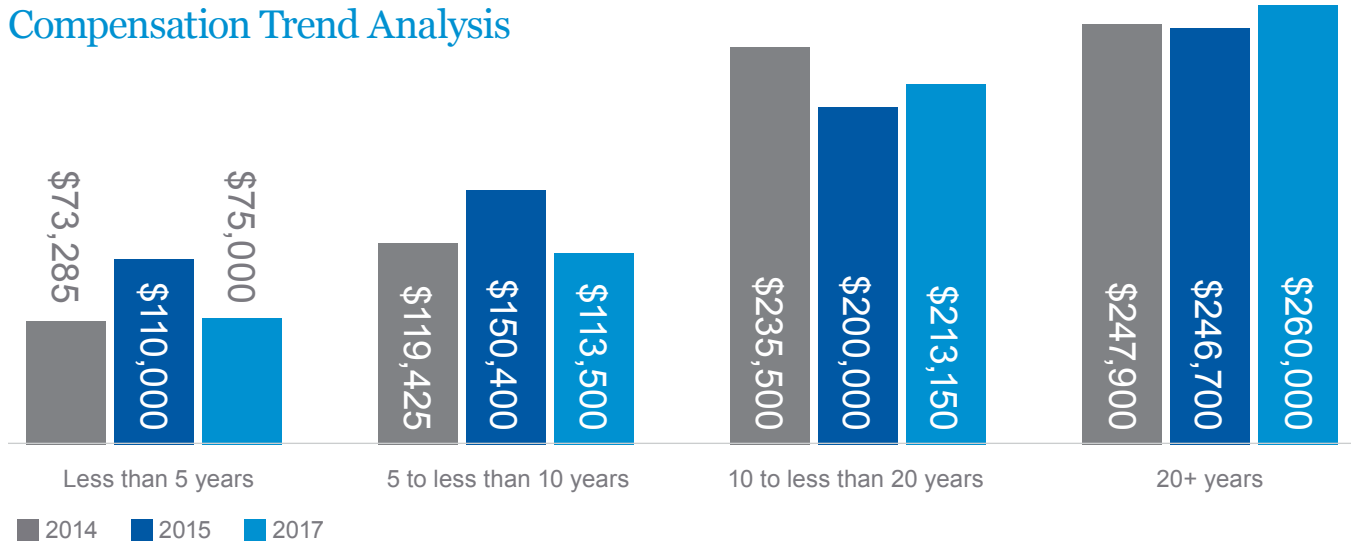
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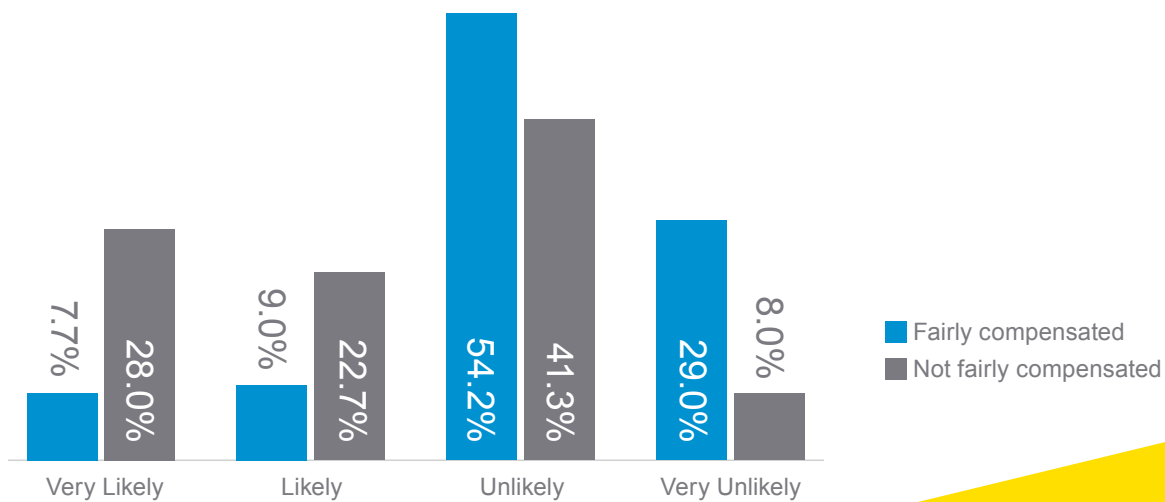
Suggestion: The best way to read this chart is to start with the Total Comp column ... and then use the Base, Bonus and Other Comp columns to understand generally how Total Comp is structured.

Median total compensation for those with 10 to less than 20 years of experience is \$213,150.
Median total compensation for those with more than 20 years of experience is \$260,000.

Compensation Trend Analysis



Compensation satisfaction vs. likelihood of looking for new job



Individuals who do not feel they are fairly compensated report they are more likely to look for a new job than their counterparts who believe they are fairly compensated.

Survey methodology

Method

An online survey was deployed to known financial professionals in the region represented by CFA Society Madison and CFA Society Milwaukee. Email subscribers of CFA Society Madison and CFA Society Milwaukee and LinkedIn group members were specifically targeted. The survey was not limited to just these audiences. In addition, this survey was structured so all data gathered was anonymous, with no identifiable information requested.

Respondents

Respondents were financial and investment professionals and totaled 227 unique and completed responses.

Timing

The survey was active from May 14 – June 22, 2018.

Assumptions

The findings from this survey were derived from self-reported data. Because the survey uses sampling methodology and broadly defined positions, survey findings are not necessarily representative of the total population; rather, the survey is designed to provide general information about pay levels within the industry. Earning any degree or professional designation is no guarantee of employment or compensation.

About the CFA Societies

With more than 200 members, CFA Society Madison is the premier professional organization for the investment management industry in the Madison area. The mission of CFA Society Madison is to provide our members and the local community with educational and networking opportunities, while promoting the highest ethical standards by using our resources, expertise, and affiliation with CFA Institute. We pride ourselves in our strong commitment to engaging with local universities and their students who comprise a significant amount of area candidates pursuing the CFA charter. CFA Society Madison was established as a Chapter of the CFA Society Milwaukee in 1995, transitioned to being a separate Society in 1998 and was incorporated on January 4, 1999.

CFA Society Milwaukee, established in 1955 and incorporated in 1970, is the local society affiliate of CFA Institute, the premier organization serving investment management professionals globally, headquartered in Charlottesville, Virginia. Since its founding, CFA Society Milwaukee has served the needs of investment professionals by providing high-quality educational programs and a regional forum for its membership. It is dedicated to promoting the highest standards of professional ethics, conduct and competence amongst its membership and the investment community it serves. CFA Society Milwaukee membership consists of approximately 600 professionals who are employed with area banks, insurance companies, investment counselors, brokers, public agencies, universities, and corporations. CFA Society Milwaukee plays a vital role within the investment community.

If you are interested in learning more about earning your charter, or to learn more about CFA Society Madison and CFA Society Milwaukee, contact cfa@cfamadison.org (Madison) or info@cfamilwaukee.org (Milwaukee).

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