



CFA Society
Madison

November 2016



CFA Society
Milwaukee

A decorative graphic on the right side of the page consisting of several overlapping horizontal bars in various colors: cyan, purple, dark blue, yellow, and green. The bars are arranged in a stepped fashion, with some extending further to the right than others, creating a layered effect.

**2016 FINANCIAL
COMPENSATION SURVEY**
FINDINGS AND RESULTS



CFA Society
Madison



CFA Society
Milwaukee

2016 FINANCIAL COMPENSATION REPORT
LETTER FROM SOCIETY LEADERSHIP

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 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 *2016 Financial Compensation Survey*. This marks our second year participating in the 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.

Regards,

Chris Reed, CFA
President, CFA Society Madison

Erik Gauger, CFA, CFP
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 2016 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; 143 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.

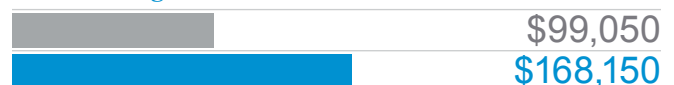
The survey requested self-reported data on numerous aspects of compensation. In addition to covering base salary and total compensation, the survey addressed the respondent's CFA Charterholder status, level of education, and occupation. Information on the type and size of the firm as well as the amount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

The 2016 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.

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

Median total compensation

Bachelor degree



Graduate degree



● Non-Charterholder

● CFA Charterholder

Years of experience

| | |
|---------------|-------|
| < 2 years | 3.0% |
| 2 – 5 years | 10.0% |
| 5 – 10 years | 23.0% |
| 10 – 20 years | 43.0% |
| 20 + years | 21.0% |

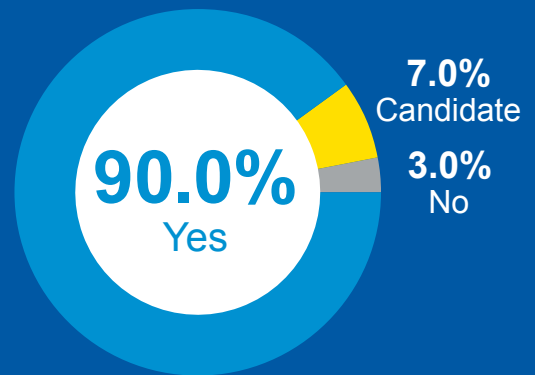
Education

| | |
|----------------------------|-------|
| Some college but no degree | 0.0% |
| Associate degree | 0.0% |
| Bachelor degree | 46.2% |
| Graduate degree | 51.7% |
| Doctorate | 2.1% |

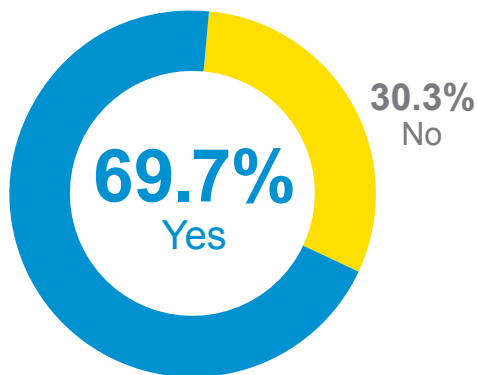
96.9%

of those surveyed report that
CFA® Charter designation
has helped career

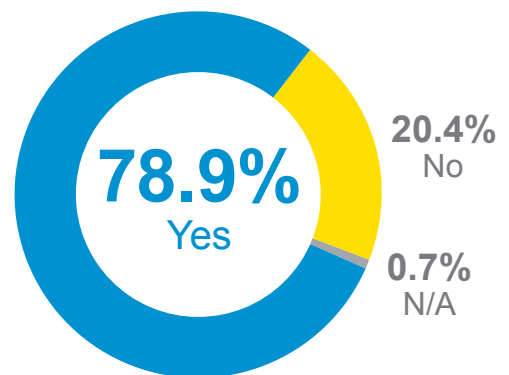
Charterholder status









Feel fairly compensated



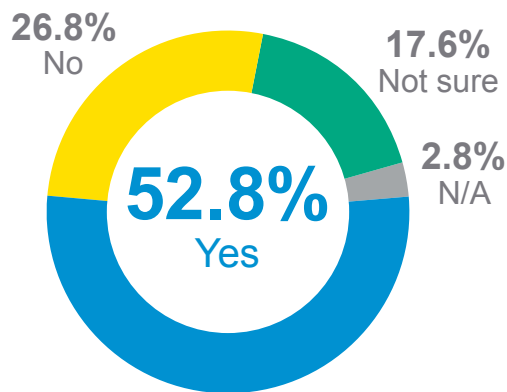
Feel valued by their company



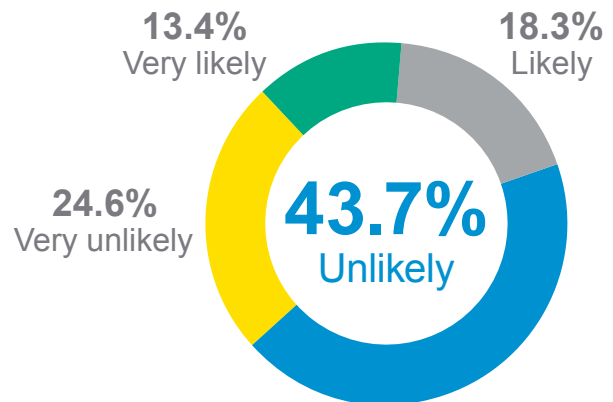
Employer size

| | | |
|------------------|------------------------------------------------------------------------------------|-------|
| < 50 |  | 26.0% |
| 50 to < 250 |  | 17.0% |
| 250 to < 500 |  | 4.0% |
| 500 to < 2,500 |  | 12.0% |
| 2,500 to < 5,000 |  | 16.0% |
| ≥ 5,000 |  | 25.0% |








Opportunity for advancement within company



Likelihood of looking for a new role in 2016



AUM of firm

| | | |
|---------------------------------|--------------------------------------------------------------------------------------|-------|
| < \$500 million |  | 7.0% |
| \$500 million to < \$2 billion |  | 15.0% |
| \$2 billion to < \$10 billion |  | 13.0% |
| \$10 billion to < \$50 billion |  | 13.0% |
| \$50 billion to < \$100 billion |  | 6.0% |
| ≥ \$100 billion |  | 38.0% |
| Not applicable |  | 8.0% |

Fifteen most common occupations

| | |
|---------------------------------------------|-------|
| Buy-side Research Analyst (equity) | 16.1% |
| Portfolio Manager (equities) | 11.2% |
| Buy-side Research Analyst (fixed income) | 9.1% |
| Risk Manager | 7.7% |
| Bank/Trust/Private Client Portfolio Manager | 7.0% |
| Chief Investment Officer | 6.3% |
| Portfolio Manager (fixed income) | 6.3% |
| Financial Analyst (corporate) | 4.9% |
| Financial Advisor/Broker | 2.8% |
| Manager of Managers | 2.8% |
| Buy-side Research Analyst (other) | 2.1% |
| Buy-side Research Analyst (quantitative) | 2.1% |
| Chief Financial Officer | 2.1% |
| Consultant | 2.1% |
| Manager Research (equity) | 2.1% |

Organization type

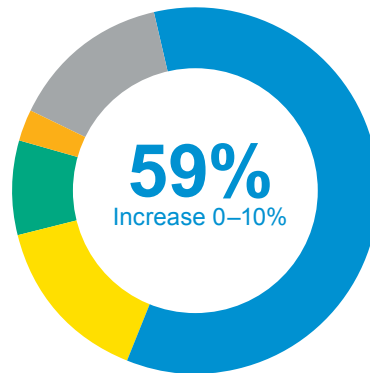
| | |
|--------------------------------------------------|-------|
| Investment Management Firm | 36.0% |
| Investment Bank, Commercial Bank, Brokerage Firm | 22.0% |
| Insurance Company | 17.0% |
| Other | 10.0% |
| Government Agency/Department | 6.0% |
| Consulting, Accounting, Law Firm | 3.0% |
| Family Office | 3.0% |
| Educational Institution | 1.0% |
| Endowment, Foundation, Other Not-for-Profit | 1.0% |

Types of compensation in addition to base salary

| | |
|----------------------------------------|-------|
| Cash/Bonus Performance | 93.0% |
| Employer 401(k) Contributions | 82.0% |
| Profit Sharing | 28.0% |
| Deferred/Multi-year Earnings | 19.0% |
| Restricted Stock Awards/Phantom Shares | 15.0% |
| Stock Options | 8.0% |
| Commission/A Sales Bonus | 6.0% |

Overall firm performance and business unit/division performance were the top two determinants of bonus

Expected change in total compensation



| | |
|-----------------|-------|
| Decline | 8.0% |
| Stay the same | 15.0% |
| Increase 10–20% | 14.0% |
| Increase > 20% | 3.0% |

Average ideal compensation structure for selected occupations

| Occupation | Base | Cash bonus | Long term | Other |
|---------------------------------------------|-------|------------|-----------|-------|
| Buy-side Research Analyst (equity) | 54.7% | 36.6% | 7.8% | 0.9% |
| Portfolio Manager (equities) | 59.3% | 31.6% | 8.8% | 0.3% |
| Buy-side Research Analyst (fixed income) | 53.5% | 36.5% | 8.8% | 1.2% |
| Risk Manager | 68.7% | 22.7% | 8.1% | 0.5% |
| Bank/Trust/Private Client Portfolio Manager | 71.0% | 20.5% | 8.0% | 0.5% |
| Portfolio Manager (fixed income) | 49.7% | 40.6% | 9.8% | 0.0% |
| Chief Investment Officer | 70.9% | 18.0% | 10.6% | 0.6% |
| Financial Analyst (corporate) | 82.1% | 12.1% | 5.7% | 0.0% |
| Manager of Managers | 67.0% | 23.0% | 8.8% | 1.3% |
| Financial Advisor/Broker | 50.0% | 18.3% | 1.7% | 30.0% |

Median and 75th percentile total compensation by occupation

| | Base | N | Bonus | N | Other Comp | N | Total Comp | N |
|---------------------------------------------|-------------|----------|--------------|----------|-----------------------|----------|-----------------------|----------|
| Buy-side Research Analyst (equity) | 125,000 | 23 | 80,000 | 21 | 11,600 | 23 | 209,837 | 23 |
| 75th Percentile | 159,000 | | 200,000 | | 56,000 | | 390,750 | |
| Portfolio Manager (equities) | 155,000 | 16 | 142,500 | 16 | 13,700 | 16 | 345,500 | 16 |
| 75th Percentile | 188,000 | | 235,750 | | 31,750 | | 515,250 | |
| Buy-side Research Analyst (fixed income) | 138,450 | 13 | 80,000 | 13 | 7,000 | 13 | 253,000 | 13 |
| 75th Percentile | 165,000 | | 165,000 | | 17,000 | | 326,000 | |
| Risk Manager | 130,000 | 11 | 66,000 | 11 | 7,250 | 11 | 176,000 | 11 |
| 75th Percentile | 139,500 | | 97,000 | | 102,000 | | 353,083 | |
| Bank/Trust/Private Client Portfolio Manager | 132,000 | 10 | 25,000 | 10 | 11,250 | 10 | 167,500 | 10 |
| 75th Percentile | 150,125 | | 41,125 | | 42,200 | | 225,918 | |

Note: Only Reported for positions with 10 or more responses.

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

| | Base | N | Bonus | N | Other Comp | N | Total Comp | N |
|------------------------------------|-------------|----------|--------------|----------|-------------------|----------|-------------------|----------|
| Buy-side Research Analyst (equity) | 115,000 | 10 | 77,500 | 10 | 5,200 | 10 | 198,300 | 10 |

Median total compensation for those with 5 to less than 10 years of experience is \$150,400

Median total compensation for those with 10 to less than 20 years of experience is \$200,000

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

| | Base | N | Bonus | N | Other Comp | N | Total Comp | N |
|---------------------------------------------|-------------|----------|--------------|----------|-------------------|----------|-------------------|----------|
| Buy-side Research Analyst (equity) | 158,000 | 9 | 135,500 | 8 | 50,000 | 9 | 230,000 | 9 |
| Chief Investment Officer | 160,000 | 7 | 47,500 | 6 | 5,624 | 7 | 205,000 | 7 |
| Buy-side Research Analyst (fixed income) | 147,500 | 6 | 97,500 | 6 | 11,500 | 6 | 270,225 | 6 |
| Portfolio Manager (equities) | 169,500 | 6 | 142,500 | 6 | 17,420 | 6 | 376,420 | 6 |
| Bank/Trust/Private Client Portfolio Manager | 130,000 | 5 | 22,000 | 5 | 11,500 | 5 | 167,500 | 5 |
| Risk Manager | 140,000 | 5 | 99,000 | 5 | 140,000 | 5 | 408,165 | 5 |

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

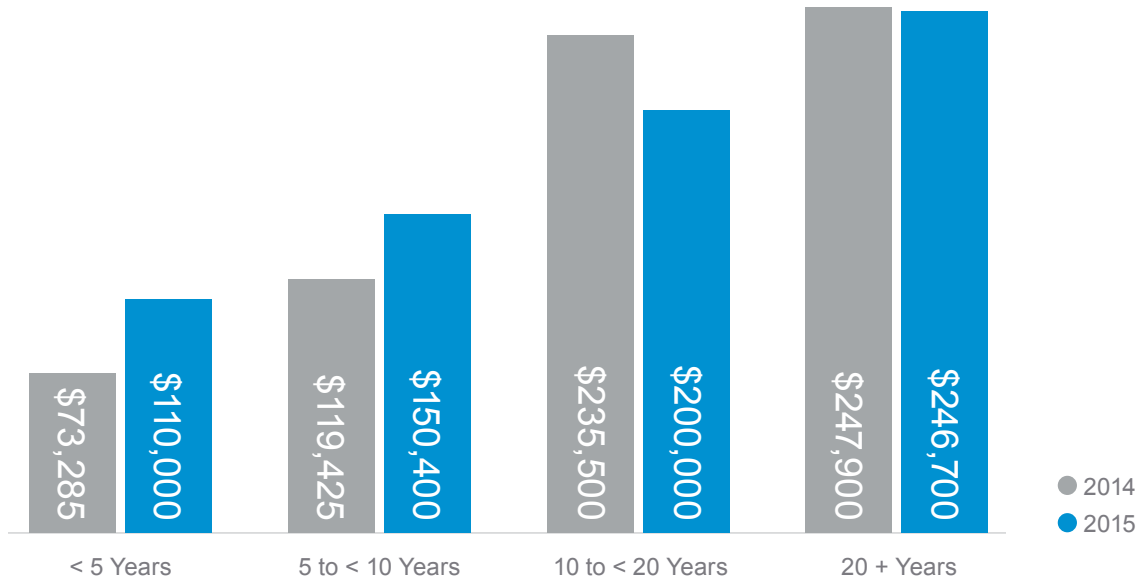
| | Base | N | Bonus | N | Other Comp | N | Total Comp | N |
|----------------------------------|---------|---|---------|---|------------|---|------------|---|
| Portfolio Manager (equities) | 188,000 | 5 | 250,000 | 5 | 15,000 | 5 | 603,000 | 5 |
| Portfolio Manager (fixed income) | 208,000 | 5 | 300,000 | 5 | 18,000 | 5 | 538,000 | 5 |

Median total compensation for those with more than 20 years of experience is \$246,700

Median total compensation for those with less than 5 years of experience is \$110,000

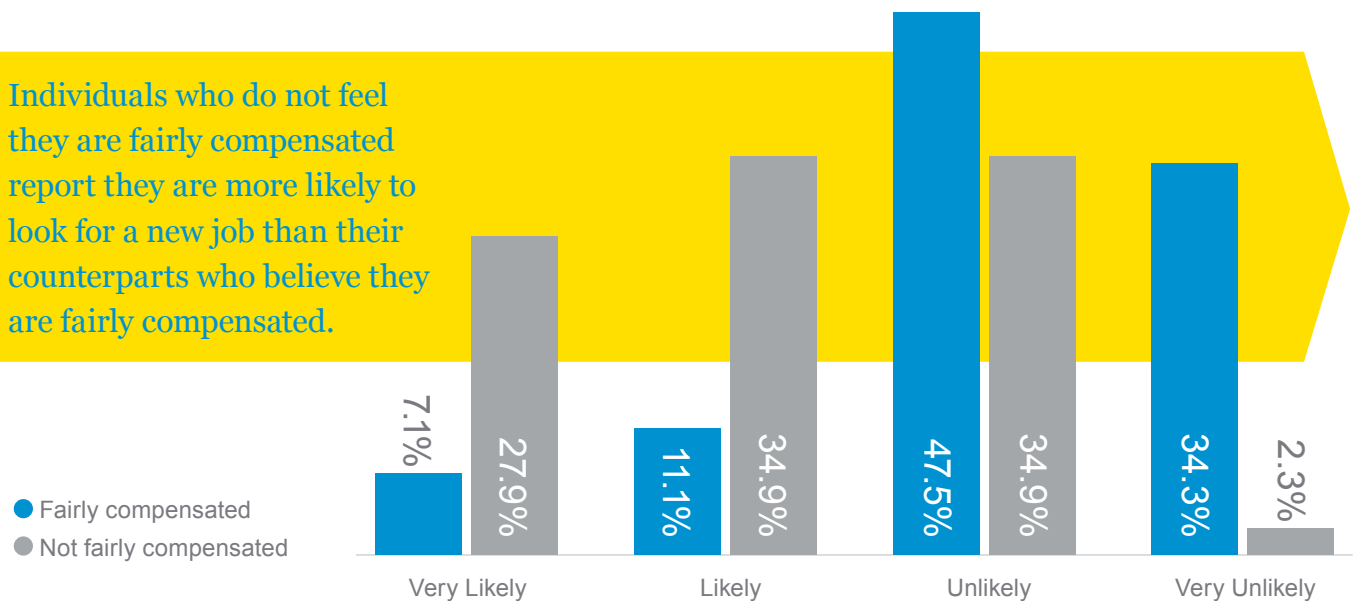
Note: For those with less than 5 years, there were multiple positions with only 3 responses, no positions had 5 or more responses.

2014 vs 2015 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 143 unique and completed responses.

Timing

The survey was active from April 18 – May 13, 2016.

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 CFA Society Madison and CFA Society Milwaukee

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 Milwaukee, contact cfa@cfamadison.org (Madison) or info@cfamilwaukee.org (Milwaukee).

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