



**CFA Society
Cleveland**

NOVEMBER 2018



**CFA Society
Columbus**



**CFA Society
Dayton**

A decorative graphic consisting of several overlapping, semi-transparent geometric shapes in shades of blue, purple, yellow, and green, creating a dynamic, abstract background.

**2018 FINANCIAL
COMPENSATION SURVEY**
FINDINGS AND RESULTS

Dear Colleagues,

As premier professional organizations for investment professionals, CFA Society Cleveland, CFA Society Columbus, and CFA Society Dayton 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 *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.

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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 Cleveland, Columbus and Dayton conducted earlier this year; 249 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.

87.5%

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

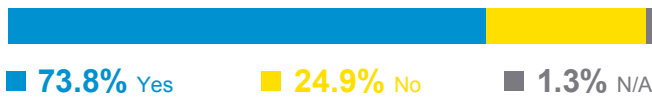
Years of experience

| | |
|---------------|-------|
| < 2 years | 6.1% |
| 2 – 5 years | 9.8% |
| 5 – 10 years | 31.0% |
| 10 – 20 years | 27.3% |
| 20 + years | 25.7% |

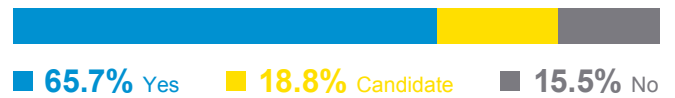
Education

| | |
|-----------------|-------|
| Bachelor degree | 49.4% |
| Graduate degree | 48.6% |
| Doctorate | 2.0% |

Feel valued by their company



Charterholder status

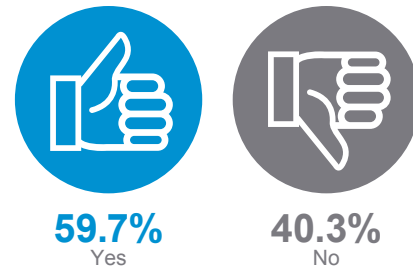


Median total compensation*

| | | |
|-----------------|------------------------------|------------------------------|
| Bachelor degree | Non-Charterholder: \$80,550 | CFA Charterholder: \$173,100 |
| Graduate degree | Non-Charterholder: \$112,250 | CFA Charterholder: \$209,000 |

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 |  | 24.1% |
| 50 to < 250 |  | 24.9% |
| 250 to < 500 |  | 4.5% |
| 500 to < 2,500 |  | 11.0% |
| 2,500 to < 5,000 |  | 1.6% |
| > 5,000 |  | 33.9% |

AUM of firm

| | | |
|--------------------------------|--|-------|
| < \$500 million |  | 7.3% |
| \$500 million to < \$2 billion |  | 13.5% |
| \$2 billion to < \$50 billion |  | 32.2% |
| > \$50 billion |  | 33.9% |
| Not Applicable |  | 13.1% |

Fifteen most common occupations

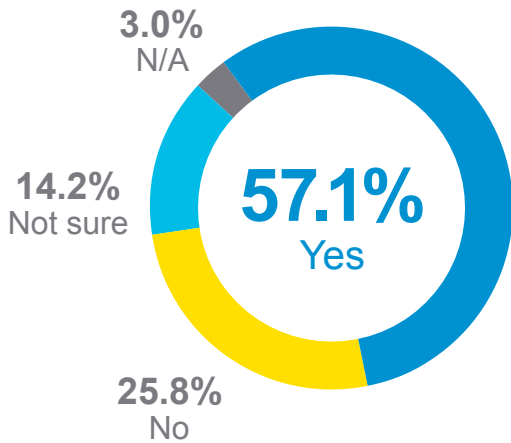
| | |
|---|-------|
| Portfolio manager (equities) | 11.2% |
| Other* | 7.6% |
| Manager of managers/director of investments | 6.8% |
| Financial advisor/broker | 6.8% |
| Chief investment officer | 5.6% |
| Bank/trust/private client portfolio manager | 5.2% |
| Portfolio manager (fixed income) | 5.2% |
| Financial analyst (corporate) | 4.8% |
| Consultant | 4.4% |
| Buy-side research analyst (equity) | 4.4% |
| Private client professional (other) | 3.6% |
| Buy-side research analyst (fixed income) | 3.2% |
| Portfolio manager (indexed/alts/other) | 2.8% |
| Client services | 2.0% |
| Sell-side research analyst (equity) | 2.0% |

*Respondents reported a wide variety of other occupations.

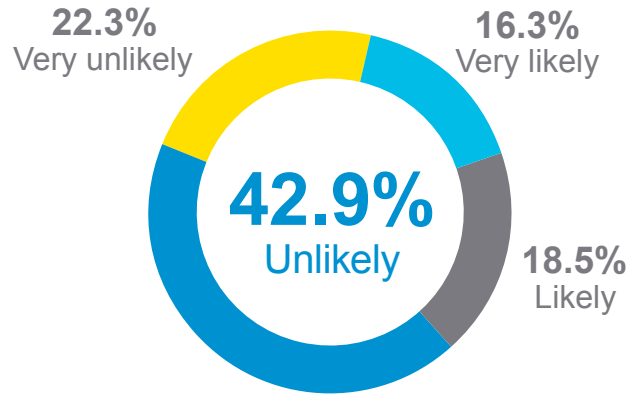
Organization type

| | |
|---|-------|
| Investment management firm | 34.3% |
| Investment bank, commercial bank, brokerage firm, trust company | 23.7% |
| Other | 12.2% |
| Government agency/department | 8.2% |
| Consulting, accounting, law firm | 7.3% |
| Insurance company | 5.3% |
| Endowment, foundation, other not-for-profit | 4.5% |
| Corporate plan sponsor | 2.0% |
| Family office | 1.2% |
| Educational institution | 1.2% |

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 | 6% | 1% |
| Higher compensation | 20% | 19% |
| More challenging work/career advancement | 15% | 23% |
| Other | 1% | 6% |
| Poor culture/lack of respect | 5% | 3% |
| Recently completed degree/obtained certification | 0% | 1% |

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

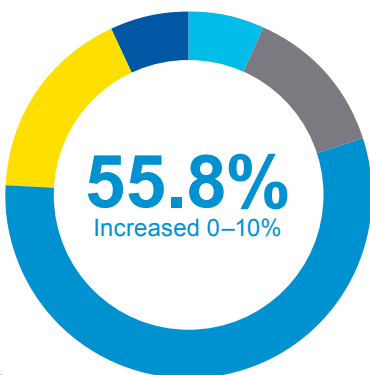
Types of compensation in addition to base salary

| | |
|--|-----|
| Cash/bonus performance | 80% |
| Employer 401(k) contributions | 65% |
| Profit sharing | 23% |
| Restricted stock awards/phantom shares | 12% |
| Commission/ a sales bonus | 8% |
| Deferred /multi-year earnings | 7% |
| Stock options | 2% |

Primary Determinant of Bonus

| | |
|---|-------|
| Discretionary | 26.9% |
| Business unit/division performance | 25.9% |
| Overall firm performance | 21.3% |
| Individual investment performance | 12.7% |
| Other factors related to individual performance | 11.2% |
| Individual financial contribution | 2.0% |

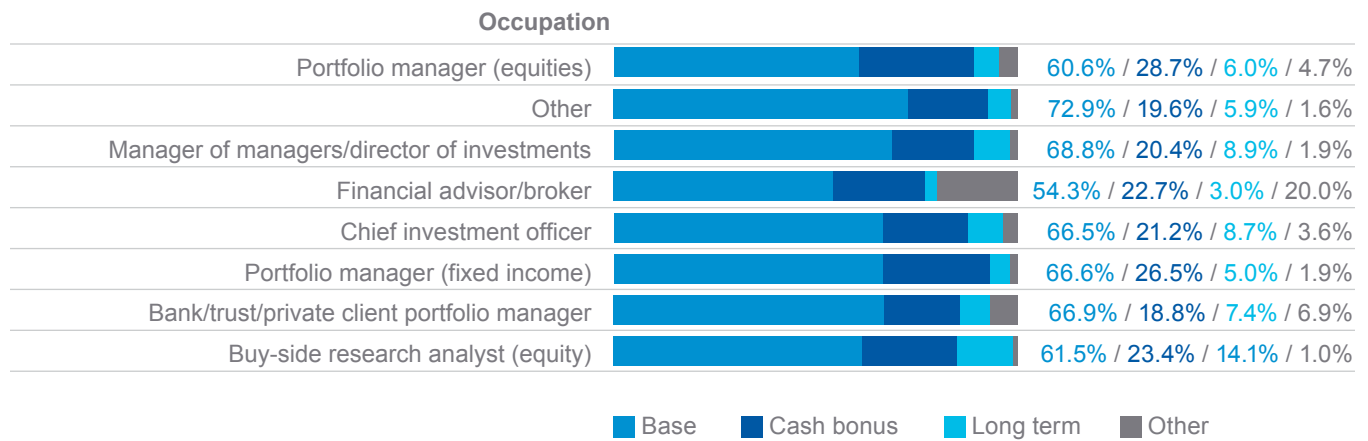
Expected change in total compensation



| | |
|------------------|-------|
| Decline | 6.9% |
| Stay the same | 13.3% |
| Increased 10–20% | 17.2% |
| Increased > 20% | 6.9% |

Discretionary and business unit/
division 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 |
|--|----------------|-----------|----------------|---------------|---------------|
| Portfolio manager (equities) | 245,000 | 28 | 172,500 | 36,500 | 17,100 |
| 75th percentile | 368,925 | | 206,225 | 111,500 | 56,250 |
| Other | 124,300 | 19 | 102,000 | 17,500 | 7,300 |
| 75th percentile | 167,500 | | 137,500 | 27,650 | 12,075 |
| Financial advisor/broker* | 118,500 | 17 | 66,000 | 12,000 | 21,250 |
| 75th percentile | 209,000 | | 103,500 | 22,500 | 136,750 |
| Manager of managers/director of investments | 193,250 | 17 | 150,000 | 32,500 | 8,850 |
| 75th percentile | 258,000 | | 165,000 | 58,250 | 14,750 |
| Chief investment officer | 235,700 | 14 | 195,500 | 20,000 | 12,200 |
| 75th percentile | 331,563 | | 225,000 | 50,000 | 31,900 |
| Bank/trust/private client portfolio manager | 144,400 | 13 | 100,000 | 23,000 | 14,700 |
| 75th percentile | 215,000 | | 125,000 | 42,500 | 35,750 |
| Portfolio manager (fixed income) | 270,000 | 13 | 175,000 | 80,000 | 15,000 |
| 75th percentile | 400,000 | | 225,000 | 150,000 | 39,500 |
| Financial analyst (corporate) | 87,975 | 12 | 78,500 | 8,000 | 4,150 |
| 75th percentile | 105,285 | | 96,660 | 9,500 | 5,688 |
| Consultant | 156,500 | 11 | 120,000 | 17,500 | 6,950 |
| 75th percentile | 208,400 | | 160,000 | 32,750 | 10,750 |
| Buy-side research analyst (equity) | 118,000 | 11 | 84,000 | 10,300 | 4,750 |
| 75th percentile | 180,556 | | 122,500 | 67,656 | 10,375 |

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 |
|-------------------------------|------------|---|--------|---|--------|---|------------|---|
| Financial analyst (corporate) | 67,338 | 6 | 59,500 | 6 | n/a | 3 | n/a | 4 |
| Other | 80,800 | 6 | 59,250 | 6 | 15,000 | 5 | 4,500 | 6 |

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 | 132,500 | 8 | 62,000 | 7 | 10,000 | 6 | 18,000 | 6 |
| Buy-side research analyst (equity) | 118,000 | 7 | 84,000 | 7 | 15,000 | 7 | 5,000 | 5 |
| Other | 128,150 | 6 | 95,500 | 6 | n/a | 4 | 5,600 | 5 |
| Portfolio manager (equities) | 97,340 | 6 | 88,500 | 6 | 6,250 | 6 | 3,650 | 6 |
| Manager of managers/director of investments | 131,000 | 5 | 101,000 | 5 | n/a | 4 | n/a | 4 |
| Bank/trust/private client portfolio manager | 143,000 | 5 | 100,000 | 5 | n/a | 4 | n/a | 3 |

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 \$72,100. Median total compensation for those with 5 to less than 10 years of experience is \$129,550.

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 |
|---|------------|---|---------|---|-------|---|------------|---|
| Manager of managers/director of investments | 207,000 | 7 | 150,000 | 7 | n/a | 4 | 10,600 | 6 |
| Consultant | 156,500 | 5 | 141,000 | 5 | n/a | 4 | n/a | 4 |

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 |
|---|------------|----|---------|----|---------|----|------------|----|
| Portfolio manager (equities) | 335,000 | 17 | 200,000 | 17 | 90,000 | 15 | 33,000 | 12 |
| Chief investment officer | 250,000 | 9 | 197,750 | 8 | 20,000 | 7 | 30,000 | 7 |
| Portfolio manager (fixed income) | 320,000 | 7 | 205,000 | 7 | 100,000 | 7 | 24,500 | 6 |
| Manager of managers/director of investments | 215,000 | 5 | 155,000 | 5 | n/a | 4 | n/a | 4 |

Note

Cells in yellow reflect fewer than 5 responses.

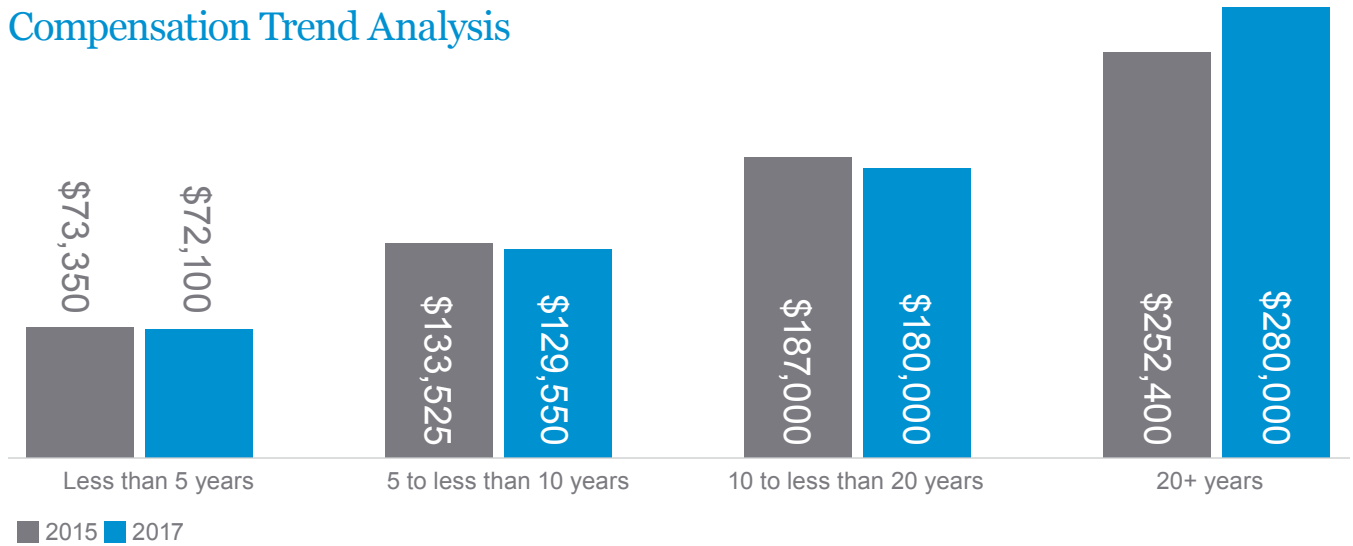
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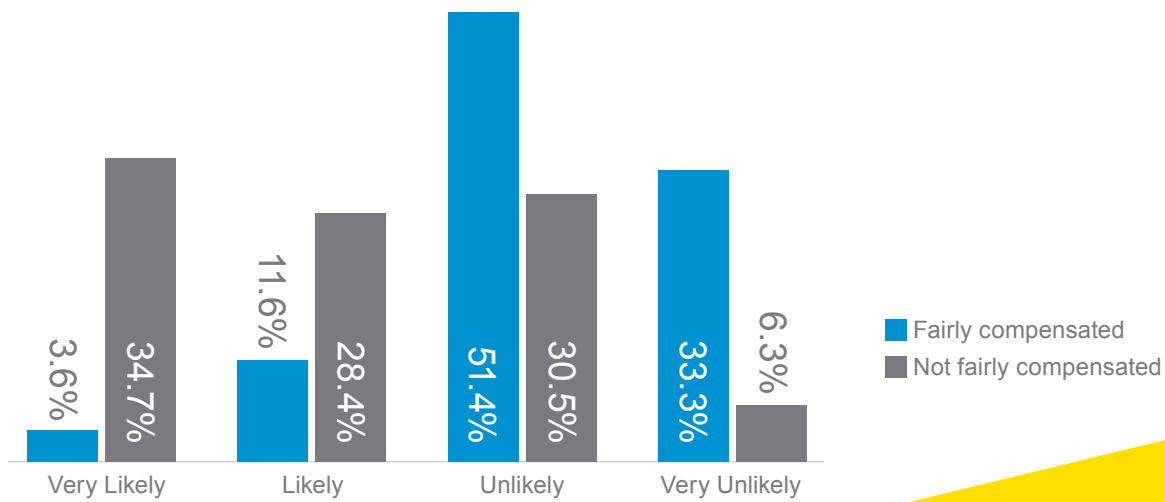
Suggestion: The best way to read this chart is to start with the Total Comp column ... and then use the Base, Bonus and Other Comp columns to understand generally how Total Comp is structured.

Median total compensation for those with 10 to less than 20 years of experience is \$180,000.
Median total compensation for those with more than 20 years of experience is \$280,000.

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

The CFA Societies of Cleveland, Columbus and Dayton shared an online survey with financial professionals in their respective market areas. The survey was structured so all data gathered were anonymous with no identifiable information requested.

Respondents

Respondents were financial and investment professionals and totaled 249 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

The CFA Societies of Ohio are the premier professional organizations for investment professionals to connect with Chartered Financial Analysts throughout the state. Each Society strives to serve its broad membership through relevant educational programs, membership support services and opportunities for advancement such as networking events, discounts on educational materials, and more.

If you are interested in learning more about earning your charter, or about the CFA Society in your area, please click on any of the images below.

If you are interested in learning more about earning your charter, or to learn more about the Societies, contact cfa@cleveland.cfasociety.org (Cleveland), montenaj@strsoh.org (Columbus) or info@dayton.cfasociety.org (Dayton).

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