



**CFA Society
Minnesota**

NOVEMBER 2018



**2018 FINANCIAL
COMPENSATION SURVEY**
FINDINGS AND RESULTS

Dear Colleagues,

I am pleased to present the findings from the *2018 CFA Societies Financial Compensation Survey*. This research initiative, now in its fifth iteration, continues to provide unique insights for a wide range of financial and investment professionals. With multiple years of survey results under our belts, we have built a robust dataset that continues to yield meaningful insights.

Our Society strives to be a trusted resource for the finance industry, providing services, education and information that can assist both Charterholders and non-Charterholders alike. I encourage you to review the findings on the following pages and make your own interpretations of the data. Be sure to examine all the information presented – such as ranges, sample sizes and other criteria — and do not rely on just one number (such as a median or maximum) when interpreting the results.

Whether you have participated in every survey since we started in 2013, or this is your first time, I personally want to thank you. Your willingness to take the time is what enables us to provide this indispensable resource for our entire industry. We truly appreciate your support.

Mark Peiler, CFA
President, CFA Society Minnesota

Executive summary

The 2018 Financial Compensation Survey is a compilation of the results of a survey on compensation practices in Minnesota, North Dakota and South Dakota conducted earlier this year; 238 professionals completed the survey.

The survey requested 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 and 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 in the upper Midwest 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.

96.1%

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

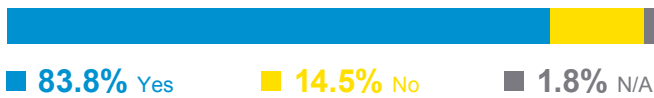
Years of experience

< 2 years	8.9%
2 – 5 years	14.9%
5 – 10 years	20.0%
10 – 20 years	40.4%
20 + years	15.7%

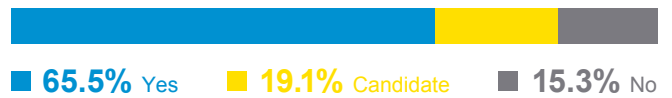
Education

Some college but no degree	1.3%
Associate degree	0.9%
Bachelor degree	57.9%
Graduate degree	39.6%

Feel valued by their company



Charterholder status

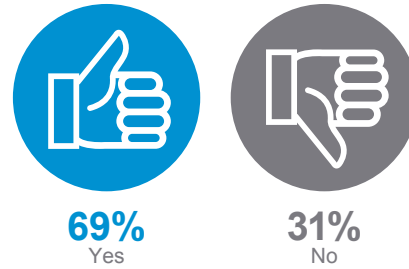


Median total compensation*

Bachelor degree	
Non-Charterholder	\$83,600
CFA Charterholder	\$190,250
Graduate degree	
Non-Charterholder	\$141,600
CFA Charterholder	\$241,400

■ 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		26.0%
50 to < 250		21.3%
250 to < 500		6.4%
500 to < 2,500		7.2%
2,500 to < 5,000		8.1%
> 5,000		31.1%

AUM of firm

< \$500 million		8.5%
\$500 million to < \$2 billion		14.0%
\$2 billion to < \$50 billion		25.5%
> \$50 billion		40.0%
Not Applicable		11.9%

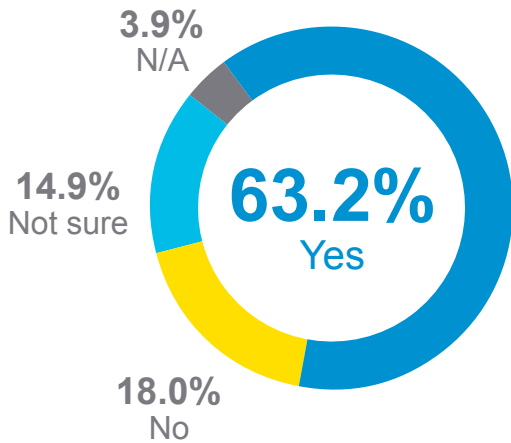
Fifteen most common occupations

Buy-side research analyst (fixed income)	13.0%
Manager of managers/director of investments	7.1%
Financial analyst (corporate)	6.7%
Portfolio manager (fixed income)	6.3%
Financial advisor/broker	5.9%
Bank/trust/private client portfolio manager	5.5%
Portfolio manager (equities)	5.5%
Chief investment officer	4.6%
Portfolio manager (indexed/alts/other)	4.2%
Manager research (equity)	4.2%
Consultant	4.2%
Buy-side research analyst (equity)	3.8%
Performance analyst	3.4%
Manager research (alternatives)	2.9%
Other	2.1%

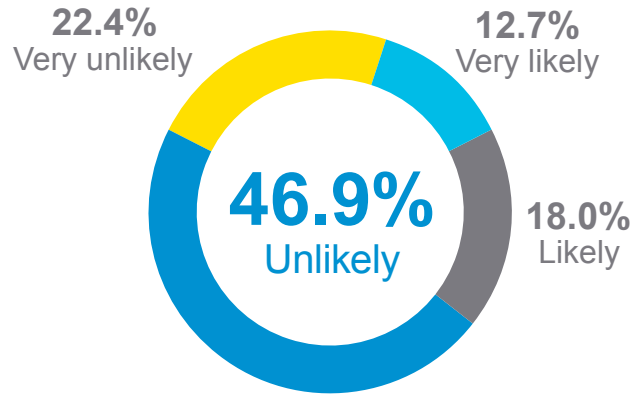
Organization type

Investment management firm	33.6%
Investment bank, commercial bank, brokerage firm, trust company	23.0%
Insurance company	12.8%
Other	8.1%
Consulting, accounting, law firm	6.4%
Family office	5.1%
Endowment, foundation, other not-for-profit	4.3%
Government agency/department	3.0%
Hedge fund or fund of hedge funds	2.6%
Corporate plan sponsor	1.3%

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%	4%
Higher compensation	13%	21%
More challenging work/career advancement	17%	26%
Other	3%	3%
Poor culture/lack of respect	7%	4%
Recently completed degree/obtained certification	1%	0%

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

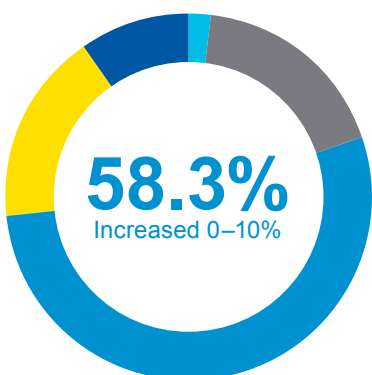
Types of compensation in addition to base salary





Cash/bonus performance		86%
Employer 401(k) contributions		74%
Profit sharing		22%
Restricted stock awards/phantom shares		16%
Deferred /multi-year earnings		16%
Stock options		4%
Commission/ a sales bonus		3%

Primary Determinant of Bonus

Business unit/division performance		29.6%
Overall firm performance		22.2%
Discretionary		21.2%
Other factors related to individual performance		13.8%
Individual investment performance		8.9%
Individual financial contribution		3.4%
Commissions generated		1.0%

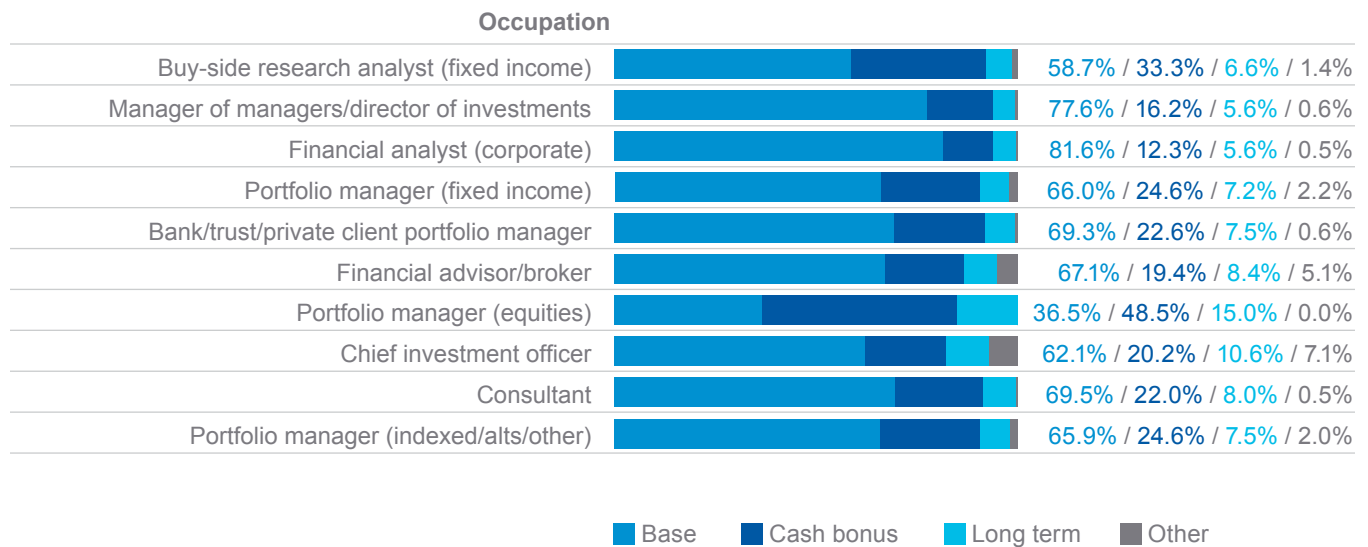
Expected change in total compensation



	Decline	3.5%
	Stay the same	10.1%
	Increased 10–20%	19.3%
	Increased > 20%	8.8%

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)	195,500	31	105,000	75,000	11,400
75th percentile	305,000		147,190	101,000	18,500
Manager of managers/director of investments	178,100	17	150,700	28,700	20,500
75th percentile	281,000		176,409	80,000	33,875
Financial analyst (corporate)	79,500	16	70,250	7,250	3,100
75th percentile	98,625		85,875	9,250	5,018
Portfolio manager (fixed income)	266,500	15	130,000	88,500	18,850
75th percentile	427,250		185,250	150,000	48,250
Financial advisor/broker	155,050	14	110,000	12,000	19,400
75th percentile	205,225		123,750	23,173	100,000
Bank/trust/private client portfolio manager	162,000	13	121,000	30,000	20,125
75th percentile	256,300		155,000	52,750	30,950
Portfolio manager (equities)*	500,000	13	172,476	250,000	20,000
75th percentile	822,950		218,750	600,000	133,000
Chief investment officer	318,500	11	200,000	70,000	65,500
75th percentile	408,292		228,750	105,000	105,265

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)	70,000	13	68,000	13	6,500	9	2,750	10
Buy-side research analyst (fixed income)	131,000	8	82,000	8	38,000	8	5,750	7

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
Buy-side research analyst (fixed income)	184,500	11	102,000	11	75,000	11	10,000	11
Manager research (equity)	97,250	5	80,000	5	13,500	5	n/a	4

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 \$82,350. Median total compensation for those with 5 to less than 10 years of experience is \$136,000.

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	178,100	13	151,400	13	28,350	10	16,500	12
Portfolio manager (fixed income)	235,500	10	125,000	10	67,250	10	16,500	10
Buy-side research analyst (fixed income)	309,250	10	145,000	10	82,500	10	18,500	9
Bank/trust/private client portfolio manager	167,775	8	120,500	8	31,500	8	16,500	8
Financial advisor/broker	200,000	7	120,000	6	n/a	3	61,800	6
Chief investment officer	318,500	5	200,000	5	70,000	5	n/a	3
Portfolio manager (equities)	390,000	5	n/a	4	200,000	5	n/a	4
Consultant	244,500	5	150,000	5	75,000	5	14,500	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
Chief investment officer	339,792	6	227,500	6	n/a	4	20,000	5
Portfolio manager (equities)*	820,500	6	184,976	6	525,000	6	26,000	5
Portfolio manager (fixed income)	312,500	5	195,500	5	n/a	3	26,000	5

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.

Cells in yellow reflect fewer than 5 responses.

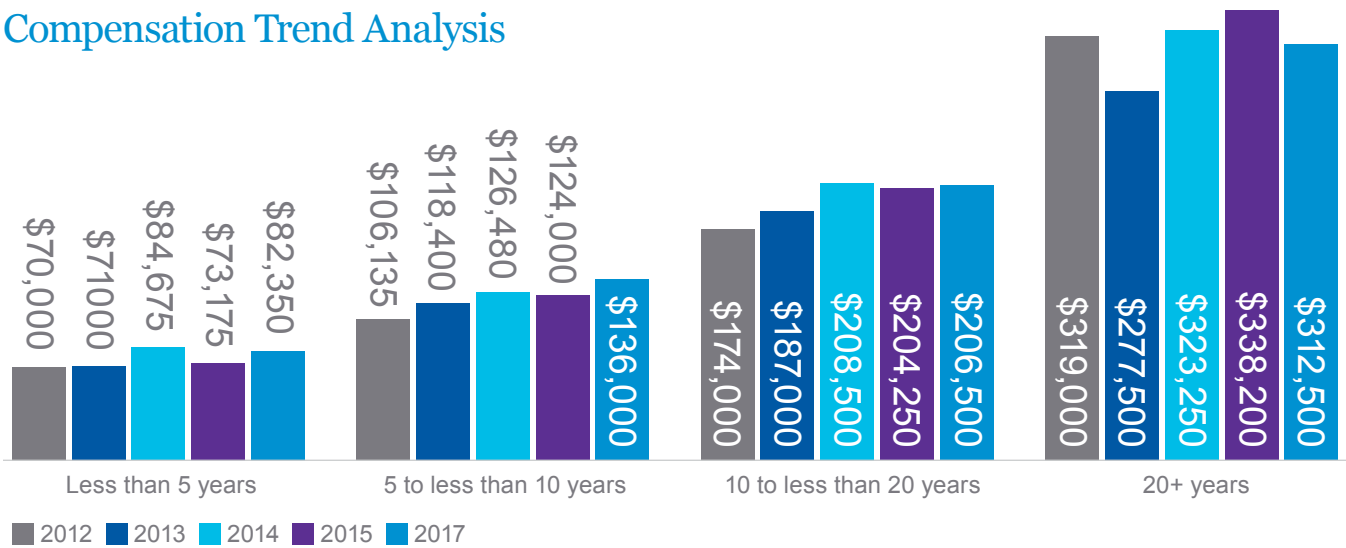
Base/Bonus/Other Comp/Total Comp figures are median and were calculated independently from each other.

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.

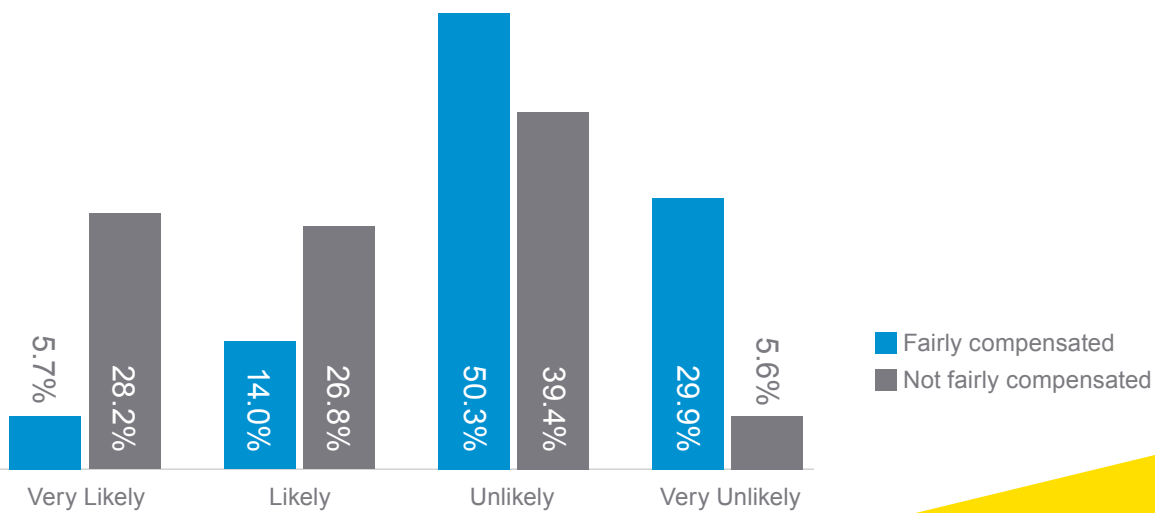
Suggestion: The best way to read this chart is to start with the Total Comp column ... and then use the Base, Bonus and Other Comp columns to understand generally how Total Comp is structured.

Median total compensation for those with 10 to less than 20 years of experience is \$206,500. Median total compensation for those with more than 20 years of experience is \$312,500.

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 Minnesota. Email subscribers of the Society and members of its social media platforms 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 238 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 used sampling methodology and broadly defined positions, survey findings are not necessarily representative of the total population. 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 Society

CFA Society Minnesota is the premier professional organization for investment professionals to connect with Chartered Financial Analysts in the Twin Cities area and throughout the Upper Midwest. With members in five states and a wide variety of industries, CFA Society Minnesota strives to serve its broad membership through relevant educational programming, membership support services and opportunities for advancement such as networking events and discounts on educational materials.

If you are interested in learning more about earning your charter, or to learn more about CFA Society Minnesota, contact support@cfamn.org.

Follow CFA Society Minnesota at:



CFA Society
Minnesota