



2015

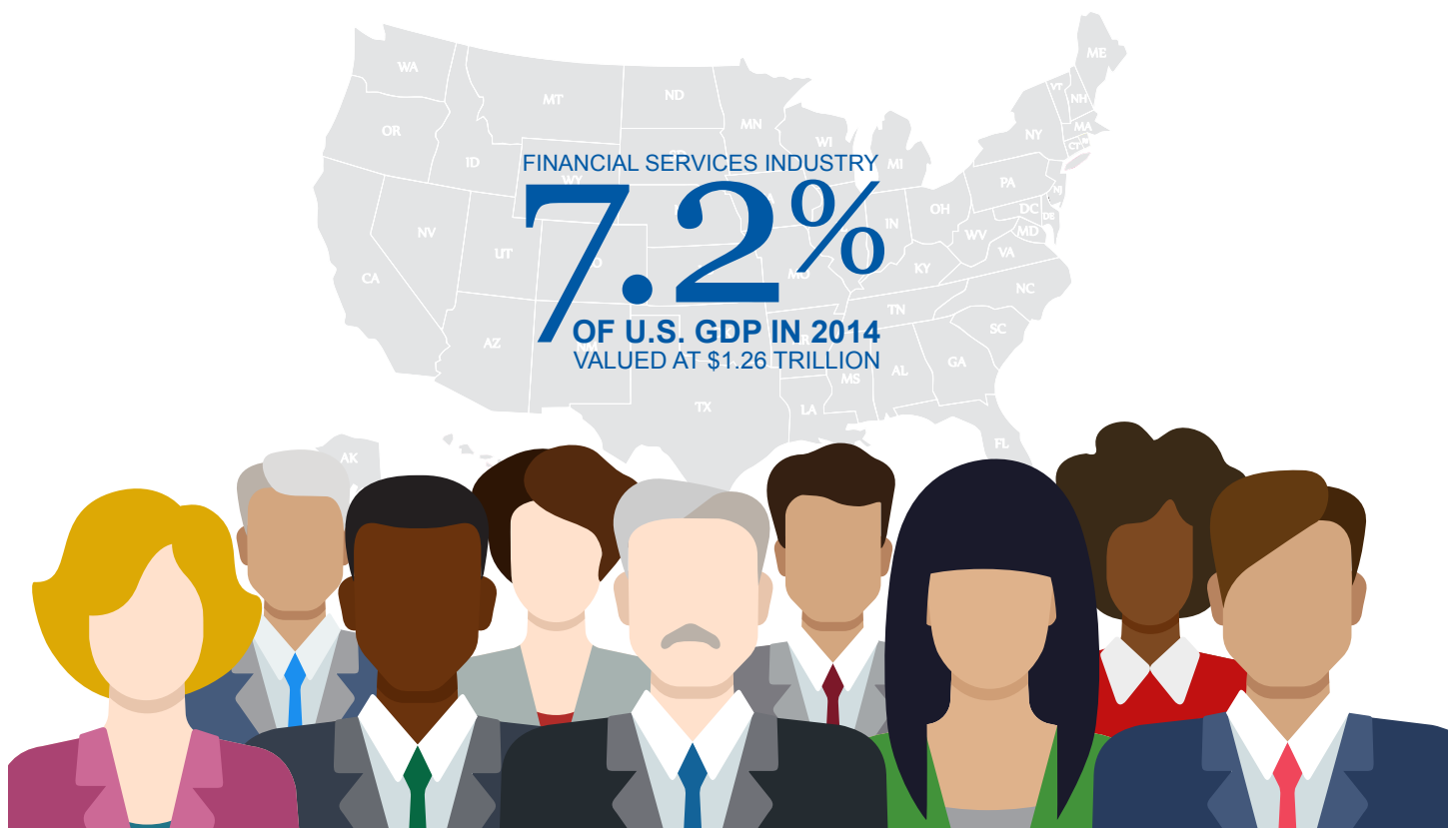
MIDWEST FINANCIAL  
COMPENSATION SURVEY

# INTRODUCTION

Many key indicators, spanning economic, sentiment, and general market barometers, have suggested yet another fundamentally solid year in 2014, which the 2015 survey was based upon. The performance of the financial services industry since the 2008 recession has been one of the most persistently positive environments seen in modern times. With such strength in the industry, a natural question is to ask if it has manifested in the compensation of investment and financial professionals.

With the financial services industry representing 7.2% of U.S. GDP—valued at \$1.26 trillion—in 2014, it is critical to have real-world data that can provide a unique comparison of salaries, bonuses, job satisfaction and motivational factors of the financial professionals who comprise the industry. To determine the state of the industry, eight CFA Societies executed a joint market research initiative to accurately define compensation levels, structure and market perceptions. The findings from over 2,300 respondents represented by the CFA Societies of Cincinnati, Chicago, Iowa, Madison, Milwaukee, Minnesota, Nebraska and St. Louis paints a first-of-its kind snapshot of the how investment and financial professionals are compensated across the Midwest.

The participation of these multiple markets enables geographic comparisons, while also allowing for deeper analysis to discover anomalies in market perceptions, or confirmation in assumed trends. The findings represented in this paper are not necessarily definitive in nature, but do provide a summarization of representative data.



# GENERAL OVERVIEW

A strong financial services jobs market represents continued economic progress through the Midwest. Hiring trends show that more employers are willing to add additional staff within their firms. These employees also appear to have higher job satisfaction in their current roles, an additional sign of a strengthening economy. To wit, respondents surveyed indicated that nearly 70% were “unlikely” or “very unlikely” to seek a new career this year. This response is consistent with a strong industry backdrop and a well-compensated workforce. Additionally, 70% of respondents received an increase in compensation, with 30% reporting increases greater than 10%. With these positive metrics, it is likely that most employees will continue to have high satisfaction and low turnover.

**OVER  
70%  
INCREASED  
THEIR COMPENSATION  
FROM LAST YEAR**

30% ACROSS THE REGION  
RECEIVED GREATER THAN A

**10%  
INCREASE  
IN COMPENSATION FROM LAST YEAR**

EMPLOYEES TEND TO BE  
**SATISFIED**

AROUND  
**70%**

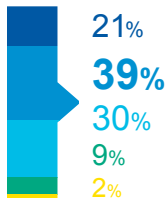
“UNLIKELY” OR  
“VERY UNLIKELY”  
TO TAKE ON A  
NEW ROLE THIS YEAR



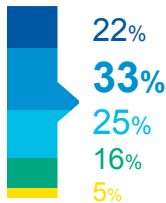
# YEARS OF EXPERIENCE

- >20
- 10-20
- 5-10
- 2-5
- <2

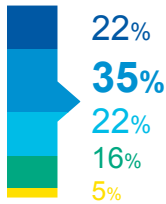
## CHICAGO



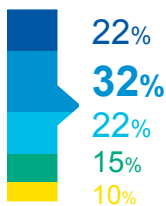
## CINCINNATI



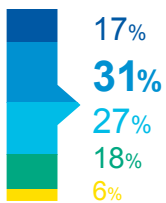
## IOWA NEBRASKA



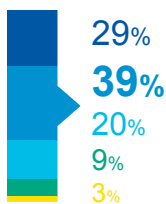
## MADISON MILWAUKEE



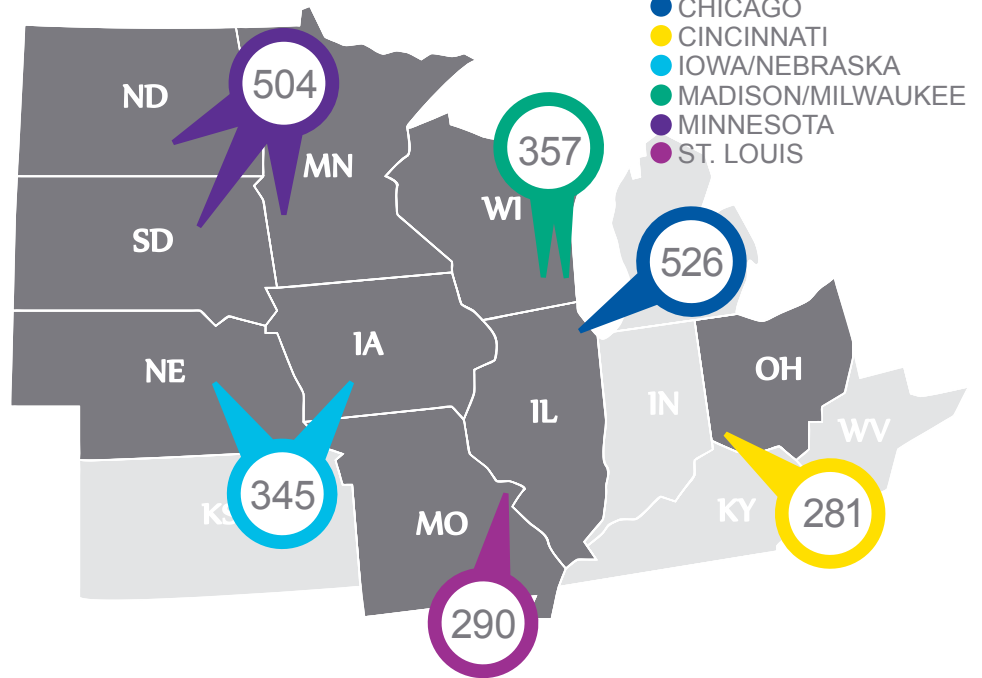
## MINNESOTA



## ST. LOUIS

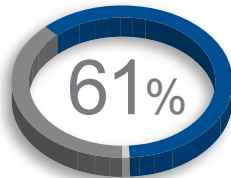


## NUMBER OF RESPONDENTS



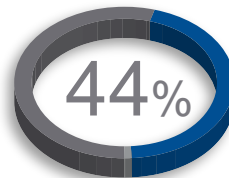
## EDUCATION

### CHICAGO



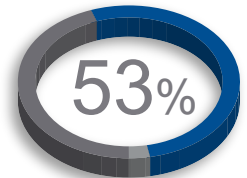
Graduate Degree  
Bachelors Degree 38%  
Doctorate 1%

### CINCINNATI



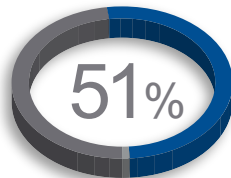
Graduate Degree  
Bachelors Degree 54%  
Doctorate 1%

### IOWA NEBRASKA



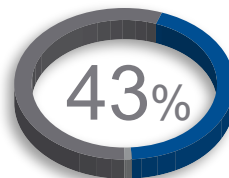
Graduate Degree  
Bachelors Degree 45%  
Doctorate 3%

### MADISON MILWAUKEE



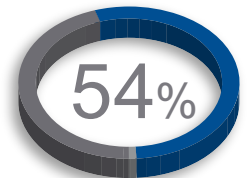
Graduate Degree  
Bachelors Degree 48%  
Doctorate 1%

### MINNESOTA



Graduate Degree  
Bachelors Degree 55%  
Doctorate 1%

### ST. LOUIS

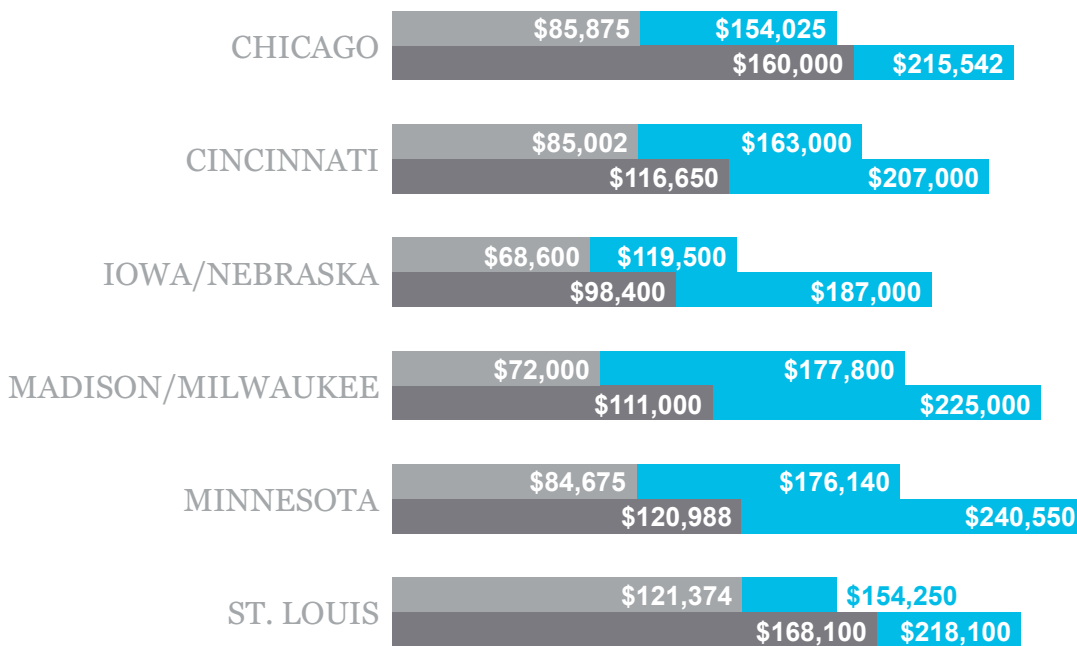


Graduate Degree  
Bachelors Degree 44%  
Doctorate 1%

# CFA DESIGNATION

Employers increasingly seek employees with the CFA designation. This is reflected in their willingness to better compensate those with the designation. According to Hireonomics, an executive search firm, professionals with the CFA designation are seeing compensation 70-100% higher than comparable wages received by non-Charterholders. Directionally, this is consistent with data shown across the Midwest. After removing the influence of other variables (specifically: years of experience, education, job title, location, type of firm, and assets under management), a regression shows that the CFA designation results in a 26% increase in compensation.

## EDUCATION + CHARTERHOLDER STATUS



Overall, both the CFA designation and holding a graduate degree has had an impact on individual's compensation. It is encouraging that employers value additional education and the dedication it takes to achieve these goals.



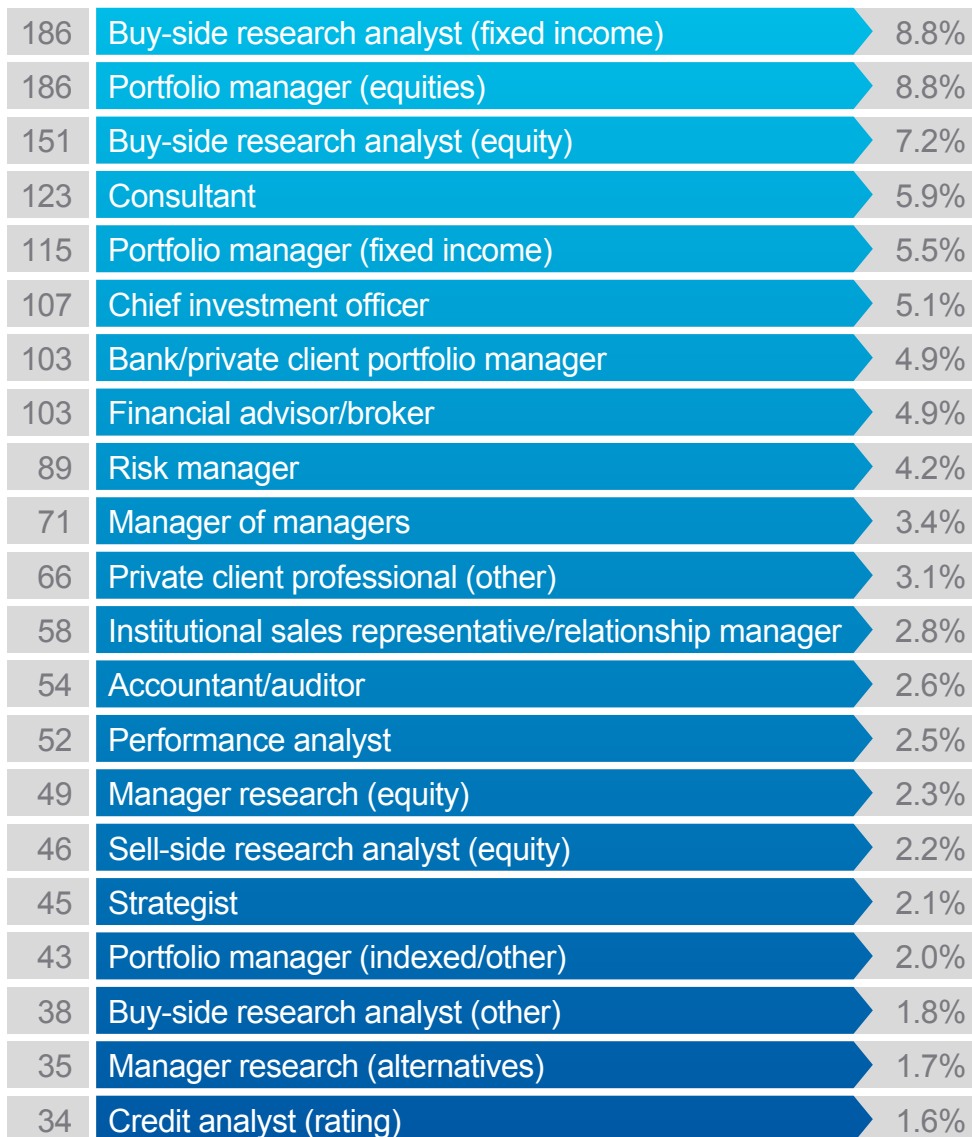
- BACHELORS DEGREE
- GRADUATE DEGREE
- + CHARTERHOLDER

**26%**  
**INCREASE**  
 IN TOTAL COMPENSATION  
 WHEN HOLDING  
 CFA DESIGNATION

**15%** **INCREASE**  
 WHEN HOLDING A  
 GRADUATE DEGREE  
 COMPARED TO A BACHELOR DEGREE

TOTAL COMPENSATION

# MOST POPULAR JOB TITLES FOR ENTIRE REGION



## ORGANIZATION TYPES

### THE MOST COMMON TYPES WERE:

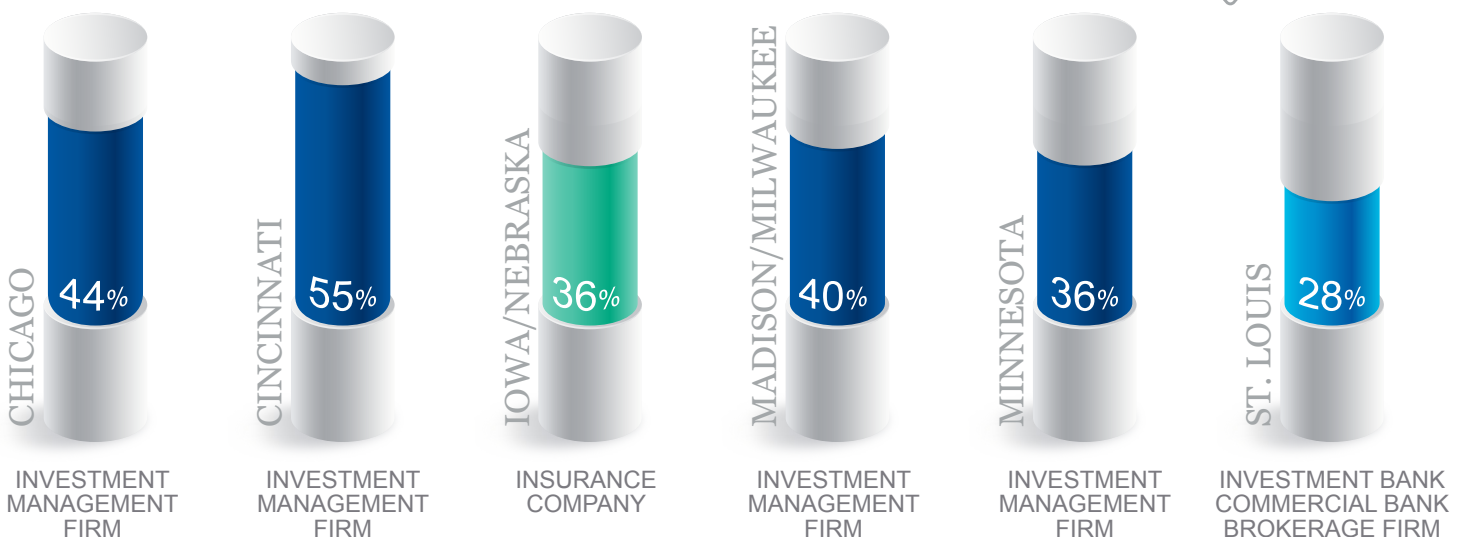
- INVESTMENT MANAGEMENT FIRM
- INVESTMENT BANK  
COMMERCIAL BANK  
BROKERAGE FIRM
- INSURANCE COMPANY
- CONSULTING  
ACCOUNTING  
LAW FIRM

### OTHER COMMON TYPES:

- CORPORATE PLAN SPONSOR
- EDUCATIONAL INSTITUTION
- ENDOWMENT  
FOUNDATION  
OTHER NOT-FOR-PROFIT
- FAMILY OFFICE
- GOVERNMENT  
AGENCY/DEPARTMENT
- HEDGE FUND OR  
FUND OF FUNDS
- RATING AGENCY

The graphs below show the most common organization types for each location.

## MOST COMMON ORGANIZATION TYPE BY REGION



## TOTAL COMPENSATION BY YEARS OF EXPERIENCE

\$105,400 | \$139,000 | \$236,650 | \$273,000

\$77,000 | \$119,625 | \$193,000 | \$283,650

\$68,600 | \$104,000 | \$157,600 | \$275,000

\$73,285 | \$119,425 | \$235,500 | \$247,900

\$84,675 | \$126,480 | \$208,500 | \$323,250

\$103,960 | \$118,000 | \$204,592 | \$290,540

- LESS THAN 5 YEARS
- 5 TO LESS THAN 10 YEARS
- 10 TO LESS THAN 20 YEARS
- OVER 20 YEARS

CHICAGO

CINCINNATI

IOWA/NEBRASKA

MADISON/MILWAUKEE

MINNESOTA

ST. LOUIS

## TOTAL COMPENSATION BY EMPLOYER AUM

\$151,500  
\$213,000  
\$190,873

\$147,593  
\$165,400  
\$151,841

\$109,965  
\$135,000  
\$145,573

\$115,680  
\$201,647  
\$189,000

\$126,875  
\$183,200  
\$157,925

\$168,200  
\$201,500  
\$176,200

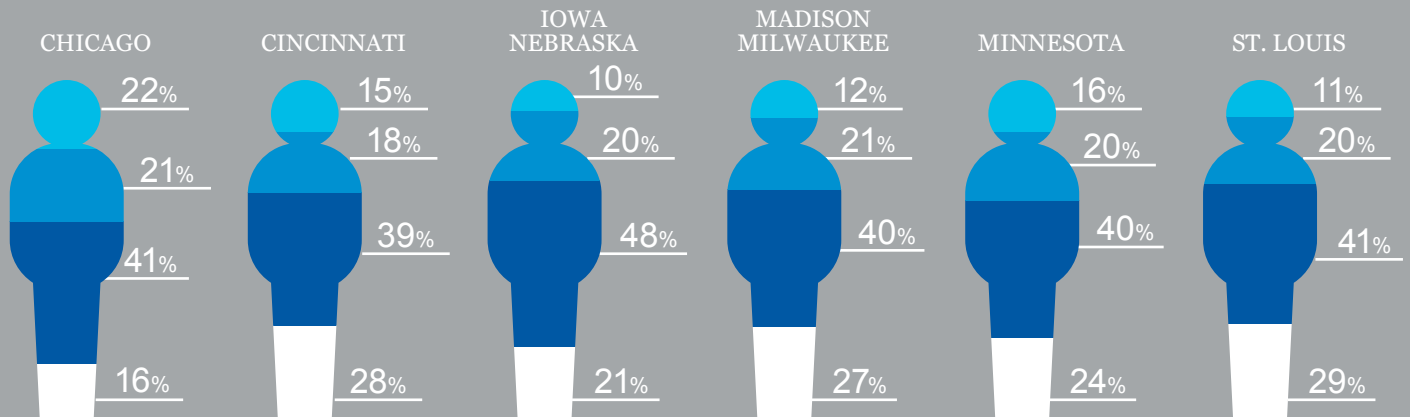
- \$2 BILLION
- \$2 - \$50 BILLION
- MORE THAN \$50 BILLION

## ASSETS UNDER MANAGEMENT (AUM)

	CHICAGO	CINCINNATI	IOWA NEBRASKA	MADISON MILWAUKEE	MINNESOTA	ST. LOUIS
< \$500 MILLION	9%	12%	8%	7%	10%	5%
\$500 MILLION TO < \$2 BILLION	9%	16%	8%	13%	14%	5%
\$2 BILLION TO < \$10 BILLION	20%	32%	14%	20%	12%	12%
\$10 BILLION TO < \$50 BILLION	13%	22%	16%	13%	15%	34%
\$50 BILLION TO < \$100 BILLION	7%	5%	8%	7%	11%	5%
> \$100 BILLION	28%	8%	35%	32%	25%	27%
NOT APPLICABLE	15%	6%	10%	9%	14%	10%

## LIKELIHOOD OF NEW ROLE IN 2015

- VERY LIKELY
- LIKELY
- UNLIKELY
- VERY UNLIKELY



# INTERQUARTILE RANGES FOR TOTAL COMPENSATION BASED ON SELECTED OCCUPATIONS

OCCUPATION TITLE	LOWER QUARTILE 25th	MEDIAN 50th	UPPER QUARTILE 75th
<b>Buy-side research analyst (fixed income)</b>	<b>103,925</b>	<b>163,500</b>	<b>260,604</b>
Chicago	124,150	190,100	284,750
Cincinnati	86,000	114,750	159,000
Iowa/Nebraska	84,000	111,000	211,000
Madison/Milwaukee	131,000	236,000	283,800
Minnesota	130,946	207,836	289,500
St. Louis	105,210	164,000	226,750
<b>Portfolio manager (equities)*</b>	<b>167,750</b>	<b>252,500</b>	<b>423,500</b>
Chicago	168,875	222,500	412,450
Cincinnati	142,000	248,000	374,500
Iowa/Nebraska	120,600	209,500	365,250
Madison/Milwaukee	167,800	251,500	426,875
Minnesota	232,375	373,690	455,750
St. Louis	169,200	232,282	318,000
<b>Buy-side research analyst (equity)</b>	<b>111,653</b>	<b>175,000</b>	<b>285,400</b>
Chicago	141,000	223,000	360,690
Cincinnati	73,000	105,000	142,000
Iowa/Nebraska	120,625	190,070	413,375
Madison/Milwaukee	119,600	189,000	282,500
Minnesota	100,000	150,000	210,000
St. Louis	114,175	199,000	239,900
<b>Consultant</b>	<b>92,365</b>	<b>145,500</b>	<b>235,500</b>
Chicago	109,975	160,000	273,500
Cincinnati	99,527	140,000	469,000
Iowa/Nebraska	68,335	114,820	188,000
Madison/Milwaukee	59,850	83,000	150,000
Minnesota	94,595	134,500	150,000
St. Louis	139,500	190,000	305,000
<b>Portfolio manager (fixed income)*</b>	<b>152,700</b>	<b>232,000</b>	<b>360,500</b>
Chicago	173,950	269,000	358,000
Cincinnati	217,000	258,000	298,000
Iowa/Nebraska	130,750	175,800	353,750
Madison/Milwaukee	188,629	245,000	345,800
Minnesota	157,250	271,500	468,500
St. Louis	130,425	237,100	345,800
<b>Chief investment officer*</b>	<b>170,688</b>	<b>263,500</b>	<b>505,750</b>
Chicago	168,500	192,305	475,000
Cincinnati	161,500	275,000	373,000
Iowa/Nebraska	163,250	277,300	684,900
Madison/Milwaukee	148,000	241,500	441,000
Minnesota	230,000	290,650	502,000
St. Louis	200,900	400,000	618,000
<b>Bank/private client portfolio manager</b>	<b>103,110</b>	<b>148,300</b>	<b>215,500</b>
Chicago	122,555	166,600	261,025
Cincinnati	101,075	143,350	202,500
Iowa/Nebraska	97,000	128,600	180,500
Madison/Milwaukee	146,150	195,000	247,800
Minnesota	96,660	125,000	178,775
St. Louis	123,417	131,000	224,500
<b>Financial advisor/broker</b>	<b>89,850</b>	<b>132,700</b>	<b>271,750</b>
Chicago	102,500	125,000	200,000
Cincinnati	176,250	228,500	287,075
Iowa/Nebraska	73,500	108,000	262,250
Madison/Milwaukee	89,175	101,500	320,300
Minnesota	81,250	145,738	238,500
St. Louis	77,750	131,500	215,750
<b>Risk manager</b>	<b>105,100</b>	<b>136,000</b>	<b>220,000</b>
Chicago	115,800	192,200	267,000
Cincinnati	85,857	98,900	159,875
Iowa/Nebraska	95,375	110,950	169,693
Madison/Milwaukee	112,000	136,000	254,300
Minnesota	108,925	145,500	177,438
St. Louis	106,500	141,500	167,500

Location doesn't seem to matter when it comes to compensation of analysts.

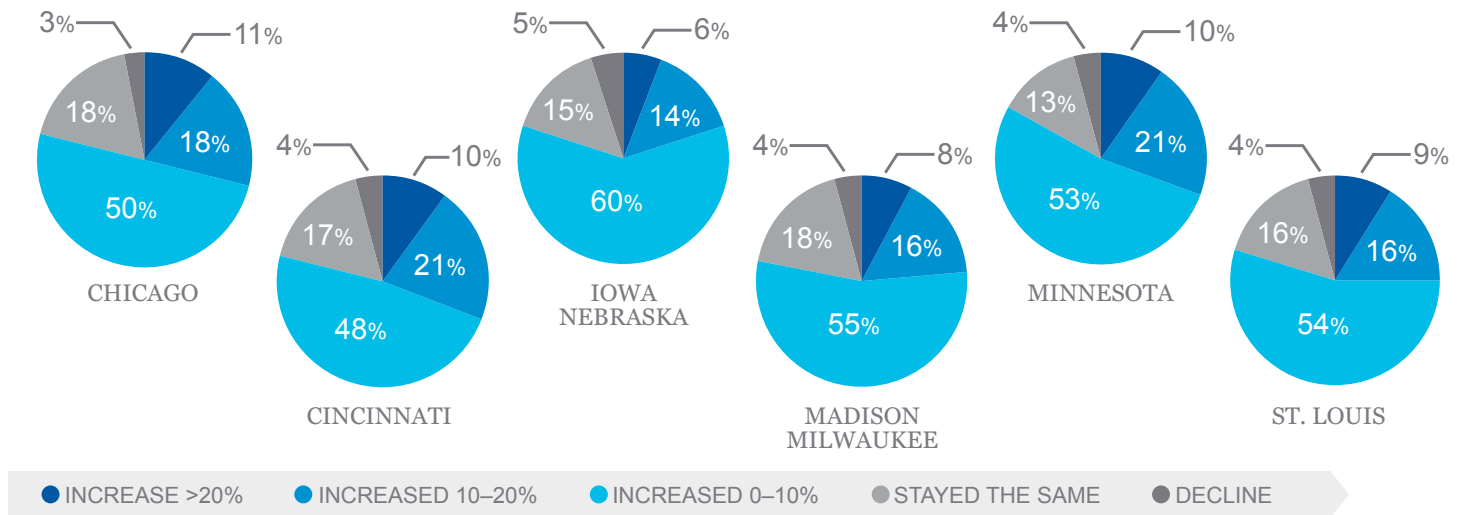
The type of firm, investment performance, and the self-reported performance of the individual have a much larger impact on total compensation.



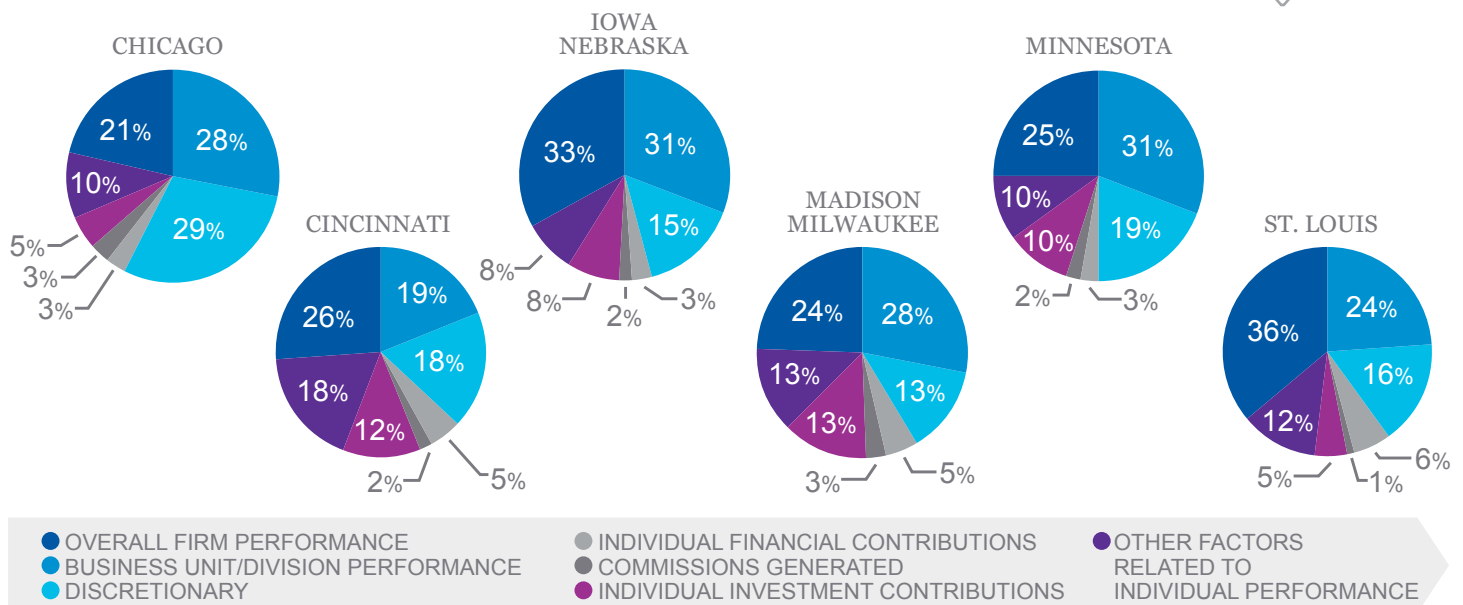
\*It is common for responses from PM's and CIO's to have a larger interquartile range since more of their compensation is based on investment performance.



# ANNUAL CHANGE IN COMPENSATION



# DETERMINANT OF BONUS



# OTHER FORMS OF COMPENSATION

	CHICAGO	CINCINNATI	IOWA NEBRASKA	MADISON MILWAUKEE	MINNESOTA	ST. LOUIS
CASH/BONUS PERFORMANCE	90%	88%	87%	86%	87%	90%
EMPLOYER 401(K) CONTRIBUTIONS	79%	74%	85%	79%	78%	79%
PROFIT SHARING	22%	40%	18%	32%	28%	39%
RESTRICTED STOCK AWARDS/PHANTOM SHARES	21%	19%	16%	13%	13%	23%
DEFERRED/MULTI-YEAR EARNINGS	9%	9%	9%	11%	10%	9%
COMMISSION/SALES BONUS	8%	8%	5%	9%	6%	8%
STOCK OPTIONS	2%	7%	3%	3%	4%	4%

# EXECUTED BY PARTICIPATING CFA SOCIETIES

CFA societies are the heart and soul of CFA Institute—a global community of investment professionals committed to the highest standards of ethics, education, and excellence. Each CFA society serves the members in its market area with relevant professional education, rewarding volunteer experiences, outstanding networking opportunities, and much more.



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Minnesota**



**CFA Society  
St. Louis**



**CFA Society  
Chicago**



**CFA Society  
Cincinnati**



**CFA Society  
Iowa**



**CFA Society  
Milwaukee**



**CFA Society  
Madison**



**CFA Society  
Nebraska**

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