



**CFA Society
Los Angeles**

NOVEMBER 2018



**2018 FINANCIAL
COMPENSATION SURVEY**
FINDINGS AND RESULTS

Dear Colleagues,

As the premier professional organization for investment professionals, CFA Society Los Angeles is dedicated to being a reliable and trustworthy source of information. Our 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. The survey, which had been void in the market since 2007, provides a unique, 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,

Akiko Hayata, CFA
President, CFA Society Los Angeles

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 the greater LA area conducted earlier this year; 725 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.

91.6%

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

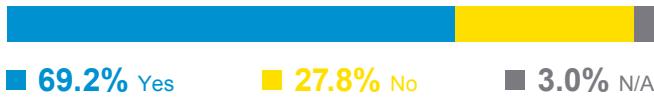
Years of experience

< 2 years	12.5%
2 – 5 years	19.8%
5 – 10 years	24.4%
10 – 20 years	27.7%
20 + years	15.6%

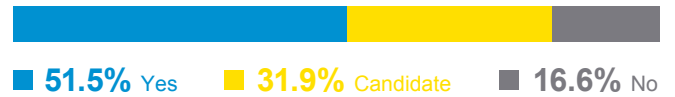
Education

Some college but no degree	0.6%
Bachelor degree	52.2%
Graduate degree	44.7%
Doctorate	2.4%

Feel valued by their company



Charterholder status

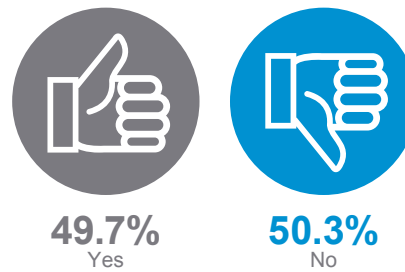


Median total compensation*

Bachelor degree	\$88,100
CFA Charterholder	\$215,819
Graduate degree	\$119,500
CFA Charterholder	\$250,000

■ 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		30.5%
50 to < 250		19.5%
250 to < 500		5.0%
500 to < 2,500		15.6%
2,500 to < 5,000		7.1%
> 5,000		22.3%

AUM of firm

< \$500 million		13.1%
\$500 million to < \$2 billion		9.7%
\$2 billion to < \$50 billion		30.9%
> \$50 billion		30.9%
Not Applicable		15.3%

Fifteen most common occupations

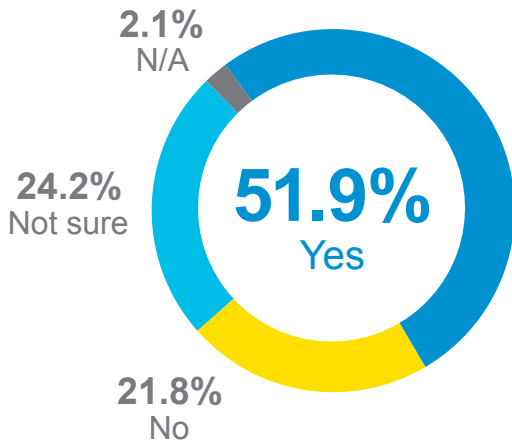
Financial analyst (corporate)	7.4%
Other*	7.2%
Buy-side research analyst (equity)	6.9%
Consultant	5.1%
Financial advisor/broker	5.1%
Portfolio manager (equities)	4.7%
Bank/trust/private client portfolio manager	4.7%
Portfolio manager (fixed income)	4.4%
Buy-side research analyst (fixed income)	4.3%
Accountant/auditor	3.3%
Client services	3.0%
Operations/reconciliation	2.9%
Chief financial officer	2.8%
Manager of managers/director of investments	2.6%
Private client professional (other)	2.6%

*Respondents reported a wide variety of other occupations such as business analyst, commercial banking/real estate, and private equity roles.

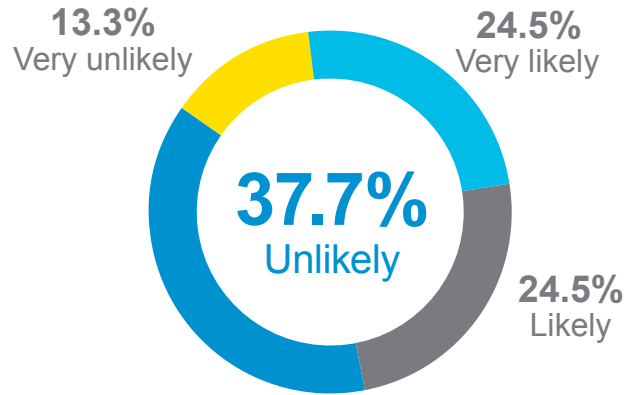
Organization type

Investment management firm	46.1%
Investment bank, commercial bank, brokerage firm, trust company	18.1%
Other	12.8%
Consulting, accounting, law firm	8.2%
Family office	3.3%
Hedge fund or fund of hedge funds	3.2%
Insurance company	2.8%
Government agency/department	2.5%
Endowment, foundation, other not-for-profit	1.4%
Corporate plan sponsor	0.8%
Educational institution	0.7%

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	2%	2%
Higher compensation	19%	23%
More challenging work/career advancement	22%	18%
Other	1%	2%
Poor culture/lack of respect	5%	4%
Recently completed degree/obtained certification	1%	1%

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

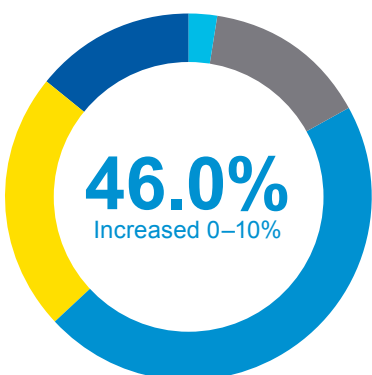
Types of compensation in addition to base salary

Cash/bonus performance	78%
Employer 401(k) contributions	57%
Profit sharing	20%
Restricted stock awards/phantom shares	9%
Deferred /multi-year earnings	7%
Commission/ a sales bonus	8%
Stock options	2%

Primary Determinant of Bonus

Discretionary	38.9%
Business unit/division performance	22.1%
Overall firm performance	18.4%
Other factors related to individual performance	11.4%
Individual financial contribution	3.9%
Individual investment performance	3.9%
Commissions generated	1.3%

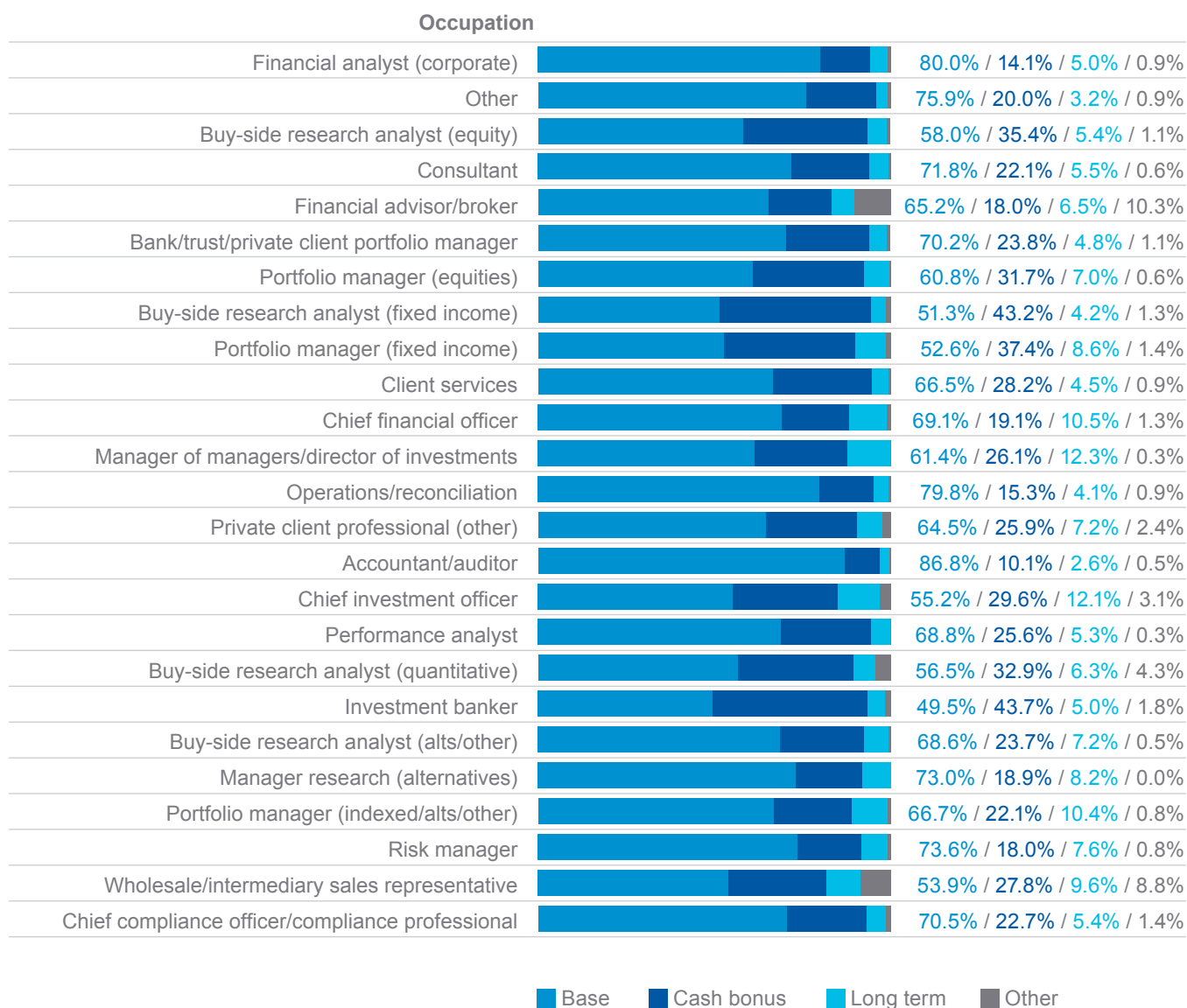
Expected change in total compensation



Decline	2.5%
Stay the same	14.6%
Increased 10-20%	22.9%
Increased > 20%	13.9%

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
Financial analyst (corporate)	90,000	54	82,500	10,000	4,216
75th percentile	120,000		100,000	18,750	10,750
Other	121,750	52	93,000	22,000	8,000
75th percentile	201,500		149,500	60,000	18,250
Buy-side research analyst (equity)	206,250	50	122,500	80,000	14,500
75th percentile	348,750		159,750	172,500	60,000
Consultant	122,935	37	103,250	10,000	5,000
75th percentile	214,000		175,000	19,000	6,750
Financial advisor/broker**	136,000	37	85,000	12,000	35,500
75th percentile	191,000		117,500	32,500	114,750
Bank/trust/private client portfolio manager	216,900	34	156,250	40,000	17,375
75th percentile	293,991		203,116	69,850	40,375
Portfolio manager (equities)	208,000	34	152,500	50,000	18,000
75th percentile	331,250		200,000	97,500	38,500
Portfolio manager (fixed income)	355,050	32	200,000	125,000	40,500
75th percentile	552,000		250,000	222,450	84,744
Buy-side research analyst (fixed income)	300,000	31	130,000	150,000	10,000
75th percentile	413,820		175,000	218,750	30,000
Accountant/auditor	95,275	24	87,100	6,500	5,000
75th percentile	146,375		130,000	16,500	8,500
Client services	137,000	22	85,500	43,000	10,500
75th percentile	229,750		114,250	128,750	29,500
Operations/reconciliation	83,000	21	67,900	7,750	3,750
75th percentile	102,000		94,000	20,000	8,950
Chief financial officer	245,500	20	212,500	35,625	50,000
75th percentile	418,125		247,750	83,125	135,625
Manager of managers/director of investments	237,180	19	185,000	43,750	12,000
75th percentile	399,000		220,000	107,100	52,400
Performance analyst	117,200	19	91,000	10,250	6,000
75th percentile	159,100		105,000	43,750	12,000
Private client professional (other)	147,000	19	120,000	40,000	19,150
75th percentile	273,150		170,000	75,000	33,775

**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.

continued»

Median and 75th Percentile Total Compensation by Occupation

Position	Total Comp	N	Base	Bonus	Other Comp
Chief investment officer*	237,500	17	187,500	250,000*	59,750
75th percentile	600,000		231,250	750,000*	200,000
Buy-side research analyst (alts/other)	127,500	15	87,500	16,500	5,500
75th percentile	197,500		152,500	50,000	10,000
Investment banker	190,000	15	115,000	55,000	19,200
75th percentile	362,500		131,500	151,250	147,000
Buy-side research analyst (quantitative)	220,750	14	135,000	60,000	19,000
75th percentile	240,000		165,000	87,500	46,000
Portfolio manager (indexed/alts/other)	171,000	14	135,000	27,500	22,500
75th percentile	306,500		170,000	66,875	74,825
Chief compliance officer/compliance professional	115,000	13	115,000	28,500	10,000
75th percentile	243,000		150,000	76,250	16,583
Risk manager	147,250	12	128,250	25,000	7,500
75th percentile	229,126		147,500	29,000	18,783
Wholesale/intermediary sales representative	279,000	12	115,750	75,000	34,308
75th percentile	346,024		126,250	115,000	139,749
Manager research (alternatives)	148,228	12	115,375	25,000	5,000
75th percentile	172,250		126,250	60,000	13,000
Institutional sales representative/relationship manager**	160,600	11	112,500	55,000	56,300
75th percentile	186,000		161,750	62,500	138,100
Buy-side trader (fixed income)	173,000	10	121,000	67,500	8,000
75th percentile	335,250		149,750	157,500	10,000

Note

*Only half of respondents who were CIOs received a bonus, hence the high numbers for bonus relative to total compensation.

**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.

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.

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)	79,000	35	68,000	35	9,000	18	4,000	20
Buy-side research analyst (equity)	100,500	24	82,000	24	20,000	21	7,500	9
Other	85,500	23	75,000	23	8,500	15	5,000	12
Operations/reconciliation	69,000	17	56,000	17	6,000	13	3,750	14
Consultant	84,000	13	77,500	13	5,000	11	3,150	9
Accountant/auditor	75,500	12	67,500	12	4,500	8	3,500	6
Performance analyst	90,000	9	83,000	9	5,000	8	9,000	6
Buy-side research analyst (alts/other)	80,700	9	72,000	9	8,700	7	n/a	3
Financial advisor/broker	70,750	8	72,000	7	n/a	3	7,500	5
Buy-side research analyst (fixed income)	97,000	8	80,000	8	12,500	8	3,000	7
Bank/trust/private client portfolio manager	81,158	8	71,000	8	6,750	6	5,000	8
Client services	69,500	8	56,000	8	8,000	5	2,000	5
Investment banker	132,000	6	105,000	6	25,000	6	n/a	3
Buy-side research analyst (quantitative)	130,000	5	120,000	5	n/a	4	n/a	1
Credit analyst (rating)	56,480	5	56,160	5	n/a	4	n/a	4
Sell-side research analyst (equity)	62,000	5	58,000	5	n/a	4	n/a	1

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 \$83,950.

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 (equity)	285,000	14	132,500	14	105,000	14	33,500	10
Other	152,404	12	102,000	11	39,500	10	6,000	9
Financial advisor/broker	125,500	12	72,500	11	18,500	8	13,000	10
Consultant	125,500	11	117,000	11	10,000	9	4,500	8
Financial analyst (corporate)	131,500	9	125,000	9	10,000	5	6,500	7
Manager of managers/director of investments	226,000	7	180,000	7	40,000	7	8,000	5
Chief financial officer	208,000	7	150,000	7	60,000	5	n/a	4
Manager research (alternatives)	150,000	7	113,750	7	30,000	7	n/a	3
Private client professional (other)	124,850	6	90,000	6	27,500	6	n/a	3
Buy-side research analyst (fixed income)	290,000	6	130,000	6	147,500	6	n/a	3
Buy-side research analyst (quantitative)	208,250	6	145,000	6	n/a	4	n/a	4
Portfolio manager (indexed/alts/other)	167,500	6	105,000	6	25,000	5	n/a	4
Portfolio manager (equities)	126,000	6	100,000	6	17,000	6	n/a	4
Chief compliance officer/compliance professional	103,250	6	84,750	6	n/a	4	n/a	3
Investment banker	229,600	6	107,500	6	110,000	5	n/a	4
Accountant/auditor	81,000	5	81,000	5	n/a	1	n/a	2
Wholesale/intermediary sales representative	283,000	5	100,000	5	75,000	5	18,000	5

Note

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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 5 to less than 10 years of experience is \$161,000.

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
Portfolio manager (equities)	253,750	20	162,500	20	70,000	17	21,000	15
Portfolio manager (fixed income)	317,000	16	200,000	16	75,000	13	40,500	12
Buy-side research analyst (fixed income)	365,000	13	155,000	13	175,000	13	24,000	11
Bank/trust/private client portfolio manager	286,154	11	185,000	11	67,000	11	23,129	10
Buy-side research analyst (equity)	521,000	11	195,000	11	240,000	11	15,000	9
Other	240,000	11	150,000	11	66,000	8	16,000	7
Financial advisor/broker	158,200	9	115,000	7	n/a	4	100,300	6
Consultant	215,000	9	175,000	8	35,000	7	8,500	6
Chief financial officer	322,250	8	236,000	8	31,875	8	95,625	6
Manager of managers/director of investments	237,180	7	185,000	7	40,000	7	12,000	5
Financial analyst (corporate)	152,000	7	133,000	7	20,000	5	n/a	3
Accountant/auditor	171,500	5	130,000	5	n/a	4	n/a	3
Client services	158,000	5	112,000	5	34,000	5	25,000	5
Wholesale/intermediary sales representative	334,200	5	125,000	5	n/a	4	104,200	5

Note

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Median total compensation for those with 10 to less than 20 years of experience is \$240,000.

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*	232,500	12	200,000	11	n/a	4	70,000	9
Portfolio manager (fixed income)	633,000	11	250,000	11	214,900	8	123,300	9
Bank/trust/private client portfolio manager	284,000	11	200,000	11	45,000	8	37,882	10
Financial advisor/broker	313,375	8	182,500	6	n/a	2	80,000	7
Portfolio manager (equities)	277,000	7	200,000	7	80,000	7	27,000	7
Chief executive officer*	729,000	6	450,000	5	200,000	5	300,800	5
Other	238,500	6	175,000	5	n/a	4	n/a	4
Client services	383,850	5	205,000	5	n/a	4	48,850	5
Private client professional (other)	260,300	5	185,000	5	n/a	4	22,300	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.

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Median total compensation for those with more than 20 years of experience is \$313,900.

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 Los Angeles. Email subscribers of the Society 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 725 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 CFA Society Los Angeles

CFA Society Los Angeles is an association of local investment professionals, consisting of portfolio managers, security analysts, investment advisors and other financial practitioners, that has served CFA charterholders and CFA Program candidates locally since 1931.

CFA Society Los Angeles:

- Promotes ethical and professional standards within the investment industry,
- Encourages professional development through the CFA Program and continuing education,
- Facilitates the exchange of information and opinions among people within the local investment community and beyond, and;
- Works to further the public's understanding of the CFA designation and investment industry.

If you are interested in learning more about earning your charter, or to learn more about CFA Society Los Angeles, contact info@cfala.org.

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