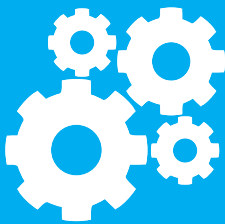




CFA Society
Los Angeles

E-Newsletter

December 2018



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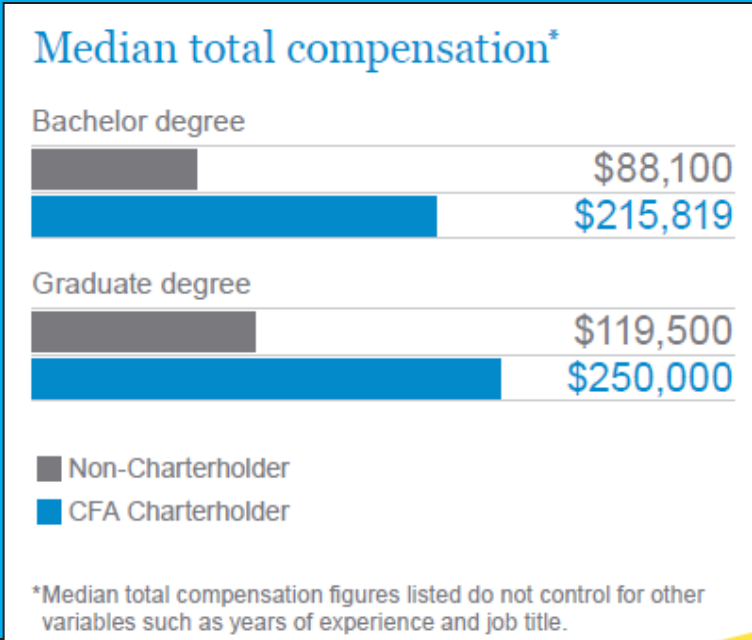


2018 Financial Compensation Survey

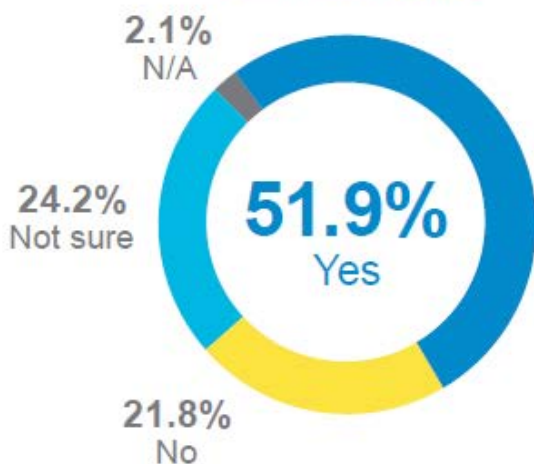
The results of the 2018 CFA Society Los Angeles (CFALA) Financial Compensation Survey are now available. The comprehensive survey was conducted from May 14 through June 22, 2018 and totaled 725 unique and completed responses from financial professionals in the region represented by CFALA. The survey was open to all finance professionals, with CFALA specifically targeting its members, email subscribers and LinkedIn group members.

Besides compensation reported by position and type (Base, Bonus, Other), the report examines job satisfaction, opportunities for advancement and likelihood of looking for a new role. The survey also addresses experience, level of education and CFA Charterholder status.

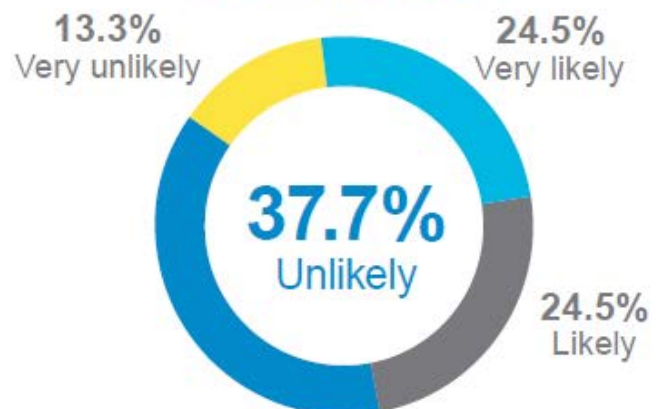
The highly-anticipated report is the first compensation survey in the market since 2007. The report will likely be of great value to members and is available on cfala.org/2018-financial-compensation-survey.



Opportunity for advancement within company



Likelihood of looking for a new role in 2018



Unwrapping the Fiduciary Standard

By Dan Pomerantz, CFA
Member - Advocacy & Ethics Committee
CFA Society Los Angeles

You've heard the term "fiduciary" many times and in many contexts but what does it really mean and what should you know about it?

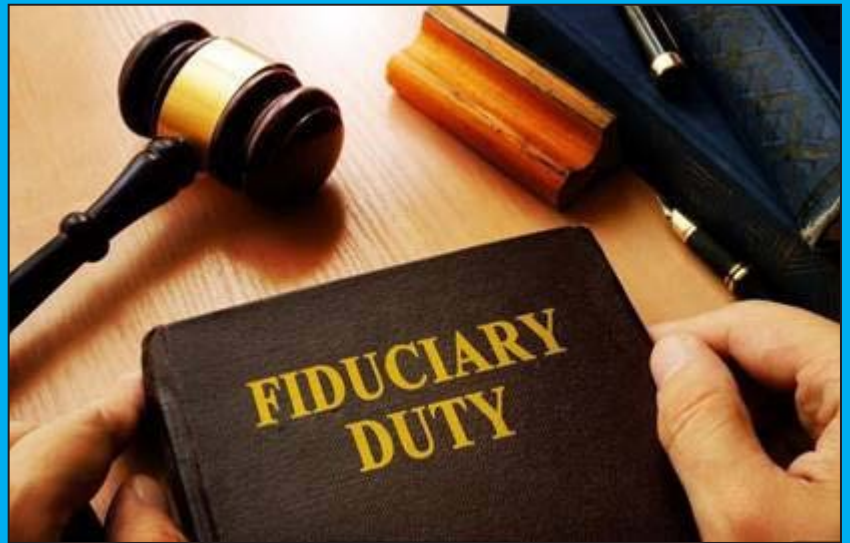
Those of us in the investment profession are held to one of two standards of conduct, a fiduciary standard or a suitability standard.

Advisors who are registered with the SEC are held to the fiduciary standard. If you work for a trust company, a bank or a Registered Investment Advisor (RIA), you are probably operating under the fiduciary standard. If you are working for a broker/dealer, more likely than not, you are being held to the suitability standard.

The fiduciary standard is higher. In this case the advisor must put the interests of the client above their own interests or those of their employers. They must ask enough questions of the client to fully understand their situation before making any recommendations. The result is that the client receives more comprehensive advice, is more informed and is less likely to suffer adverse consequences.

Situations that may be acceptable under the suitability standard but not the fiduciary standard include: paying excessive fees, taking on concentration risk, taking risk in excess of what the client can bear and involvement in transactions that pose a conflict of interest. There are many others.

Having two separate standards of care is confusing. Some brokers are able to take advantage of the goodwill and trust implied by the higher fiduciary standard without making the interests of clients first and preeminent. And self-interested actions by those not subject to the fiduciary standard undermines the goodwill and trust associated with many



prudent and client oriented advisors.

In 2016, the Department of Labor tried to instill a uniform best interest standard for certain retirement accounts. This, they thought, may incentivize the overall industry to comply with the fiduciary standard. The rule became applicable in 2017 but is now under review by the Trump Administration.

So we remain in limbo. Many of our prospective clients are not sure what level of care they are receiving. Most don't even understand that different standards exist.

The CFA Institute position is that the SEC should adopt a fiduciary standard for all who provide personalized investment advice to retail investors. In particular, use of the term "advisor" should be limited to those who are acting as fiduciaries. This would mitigate investors' confusion.

As a CFA charterholder following the Code of Ethics and Standards of Professional Conduct, you are operating as a fiduciary. Use this as a source of differentiation and competitive advantage when talking to prospective clients.

A uniform standard of care where the client's interest comes first will make our industry more trusted, more professional and ultimately more profitable.

CFALA Conducts Annual Member Survey

By Tom Derse, CFA

CFA Society Los Angeles (CFALA) conducted its annual Member Survey last month, and the results are in. The survey was open from November 15 until November 30 and was sent to all active Regular, Affiliate, Associate and Student Members (a total of 2,242 members). There were 272 total respondents (not all respondents answered every individual question, however), creating a response rate of 12.13%. Considering that the potential respondents are affiliated with CFALA, the response rate was a bit lower than one might expect. Still, the responses did provide plenty of insight for CFALA leadership to consider.

The vast majority (85 percent) of the respondents are Regular members, with the balance being Affiliate, Retired, Associate

or Student members. Although the plurality of the respondents have been a member of CFALA for five years or less, 45 percent of them have more than 15 years experience as an investment professional.

Perhaps the most encouraging question of the survey was regarding how effectively members think CFALA is implementing its mission, which states, "CFA Society Los Angeles promotes integrity, professional excellence and engagement among its members and within the community." Almost 97 percent of the respondents believe CFALA is implementing its mission either "Very effectively" or "Somewhat Effectively." Only about 3 percent of the respondents feel the mission is being implemented "Not very effectively" or "Not at all effectively." In the same vein, 71 percent

See MEMBER SURVEY, on Page 5

2018 Charter Recognition Dinner



Annual Survey Finds Members Derive Most Value From "Topical, Education Presentations and Distinguished Speakers"

From MEMBER SURVEY, on Page 4

of the respondents feel CFALA is on the right track to meet the needs of members for the next two to three years.

The survey comprised 31 questions, and consequently there were some surprising results. "From a planning and logistical point of view, I was surprised that members would be interested in in-person training on weekends versus taking a couple of days off work for additional training," CFALA Executive Director Laura Carney said. "Also, in-person training is still the preferred method, but online courses are a close second."

As an indication that members either really love the office, or are simply too busy to get away, when asked if when they preferred in-person training to be held, over 40 percent answered either weekdays after work or the weekend, while only 30 percent responded weekdays (all day).

Like any professional organization, there are many levels of personal involvement within CFALA. Encouragingly, less than 10 percent of the respondents are completely detached. (Although considering the response rate, it is likely that number is higher in actuality.) 14 percent of the respondents said they actively volunteer for the Society. 55 percent of the respondents read weekly email and over 63 percent attend at least one event each year. 38 percent reported at-

tending one or two events in the past twelve months, 22 percent said they attended three to five events, and 7 percent reported attending six to ten events. Of the members who did not attend any events, the main reason cited was inconvenient locations. Other reasons given ranged from "Busy with newborn" to the simple, but honest, "Traffic."

"Members derive the most value from topical, educational presentations and distinguished speakers," Executive Director Carney said when asked about other observations gleaned from the survey. "Still, there is a definite interest in offering some soft-skill training on leadership, public speaking, presentation skills, and negotiation skills. I was happy to see that most respondents feel we're on the right track and the feedback from the survey gives us a path to deliver even better member value," she added

The survey is comprehensive and includes individual responses to several questions. The survey is interesting to members, but it is also very important to CFALA leadership. "The survey is generally used for strategic planning purposes," Laura Carney said. "Every three years the board goes through a strategic planning process. We are currently in Year Two of the plan. Progress on the plan is reviewed quarterly by the board, and annually, it is fine-tuned based on the member survey. We want to make sure we are delivering what our members want and need."



Finance Forecasting Challenge Takes Off

By Andrew Elmers

For the first time, the CFA® Societies of the Western US are hosting the Finance Forecasting Challenge. CFA Society Los Angeles (CFALA), a member of CFA Institute's Western US region, pioneered this online competition last year among its roughly 2,300 members, and now the challenge is being offered to all finance professionals and charterholders. All interested can visit goodjudgment.com/cfa/ to register.

The Finance Forecasting Challenge is a year-long, online challenge extended to CFA Society members and other finance professionals in which participants respond to questions related to finance, economics, geopolitics, and other related topics over the course of a year. The challenge, based on principles of the popular book, "Superforecasting: The Art and Science of Prediction," helps participants become better decision makers and develop forecasting skills while competing for spots on a leaderboard to receive peer and industry recognition.

The challenge caters to CFA® charterholders and members of local CFA Societies. However, anyone who is interested is welcome to participate.

A total of 30 questions are unveiled over the course of a year. Participants have a specific period of time to respond to each question (typically 2-3 months). When the

forecasting ends, real-world data is reviewed, and participants receive a score based on the accuracy and strength of the forecast. A leaderboard is kept throughout the challenge as participants vie for the top spot.



Additionally, participants are given customized feedback reports on their answers, giving details on their forecasting preferences and performance relative to peers.

"The user interface is super-fast and intuitive. The scoring algorithm is brilliant – you get a Brier score, the lower, the better, as with golf. Users can disclose as much or as little about their professional lives as they want – and can compete anonymously," Tom Mahoney, CFA, CAIA, and current CFALA Vice President, told goodjudgment.com about the challenge.

A challenge is calling.
ANSWER IT.



Now Read This...



[The Most Comprehensive Guide to the Los Angeles Startup Ecosystem Ever Created \(250+ Resources\)](#)

Developed by the Los Angeles Founder Institute and Founder Institute Local Leader Jeanine Jacobson, this LA "startup ecosystem canvas" provides entrepreneurs with a list of over 250 local resources to support them in their startup journey. Check it out! [Read More...](#)

[Are Millennials on Track to Become the Richest Generation?](#)

Having graduated into a troubled global economy, will millennials be playing catch-up well into retirement? Or will they become rich nonetheless, through inheritance passed on to them by the boomers, the wealthiest generation ever? BBC Capital Senior Editor Meredith Turits assesses the likelihood of each scenario in this Generation Project piece. [Read More...](#) [And More....](#)



[Fed Says Millennials Are Just like Their Parents. Only Poorer](#)

In this article, Bloomberg's Jeremy Herron and Luke Kawa discuss a recent Federal Reserve Board study examining the economic well-being of millennials relative to that of previous generations. [Read More...](#) [And More....](#)

[Ghosting at Work Is Now Big Enough That It Caught the Fed's Attention](#)

Quartz' Lila McLellan reports on ghosting's appearance in the latest Federal Reserve Beige Book's Seventh District report, providing a brief recounting of the millennial slang term's broadening usage beyond its romantic relationship origins. [Read More...](#) [And More....](#)



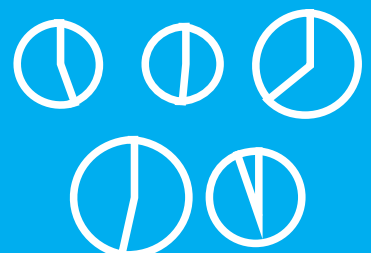
[Does Anyone Care About Year-Ahead Outlooks?](#)

Institutional Investor recently examined nine major investment firm outlook reports -- all published in 2017 -- in an effort to assess the value and accuracy of the firms' 2018 "calls." Here's what they found. [Read More...](#)

[STAX: A New Game to Teach Investing](#)

In this self-published LinkedIn Pulse article, Next Gen Personal Finance Founder Tim Ranzetta introduces a twenty-minute stock market simulation game for high school students that is designed to be a more enlightened alternative to the usual stock market game. Give it a try!

[Read More...](#) [And More....](#)





**CFA Society
Los Angeles**

E-Newsletter December 2018



The CFA Society Los Angeles (CFALA) e-newsletter is a periodic publication with stories about noteworthy events and programs sponsored or hosted by the society, guest articles by members, book reviews, and other items of interest to CFALA members. If you'd like to contribute a story suggestion or write an article, we'd love to hear from you. Please email Executive Director Laura Carney at laura@cfala.org.

Please note that the content of this e-newsletter should not be construed as investment advice, nor do the opinions expressed necessarily reflect the views of CFA Society Los Angeles.