

2011 Compensation Survey



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Methodology

The CFA Society of Seattle surveyed its 886 members with active email addresses during March 2012. Data was received from 227 respondents, a 27% response rate.

The survey was conducted online using a secure Web provider (NoviSurvey.com) which offered the ability to make the responses completely anonymous (no identifying information was collected.) An email describing the survey invited CFA Seattle members to participate. Reminder emails were sent to all members in the weeks following.

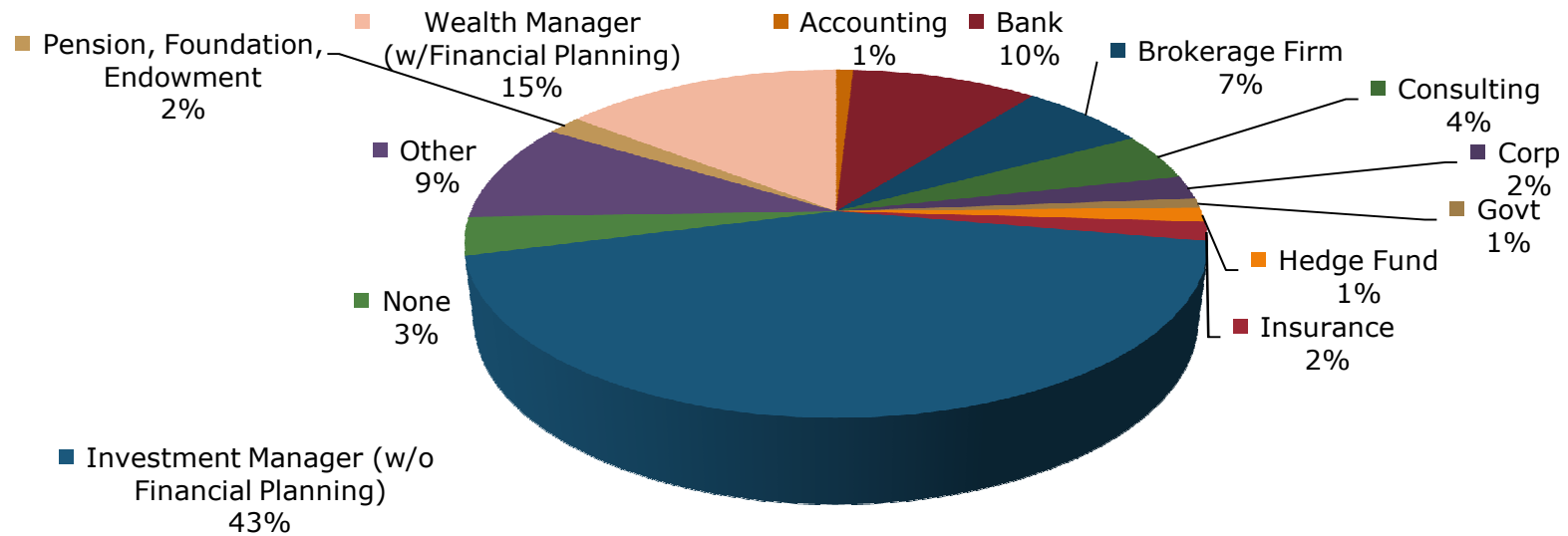
Compensation figures reported include the respondents' 2011 base salaries and 2011 cash bonuses. Total Cash Compensation, as used in the presentation of the results, refers to base salary plus cash bonus only.

While the participation rate of CFA Seattle members in this survey was adequate, the sample size is small and the compensation data was not collected from all respondents.

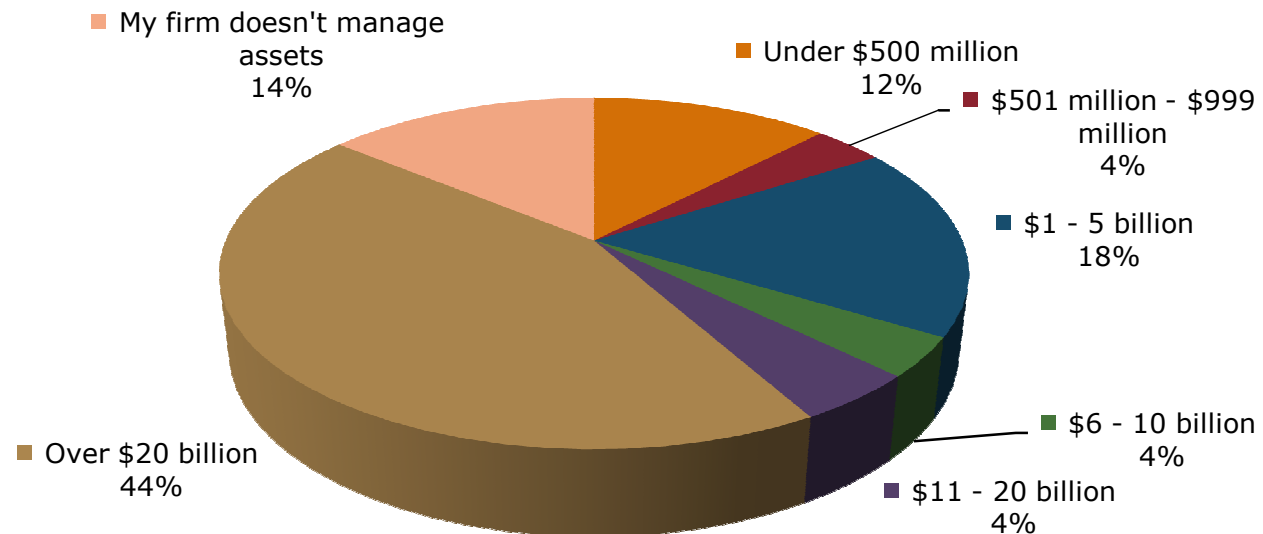
CFA Seattle members are believed to represent a large portion of chief investment officers, portfolio managers, research directors and securities analysts in the area, and the compensation data should be fairly representative. The information for certain other job functions where there is lower representation among the Society members should be used with caution.

Sample Composition

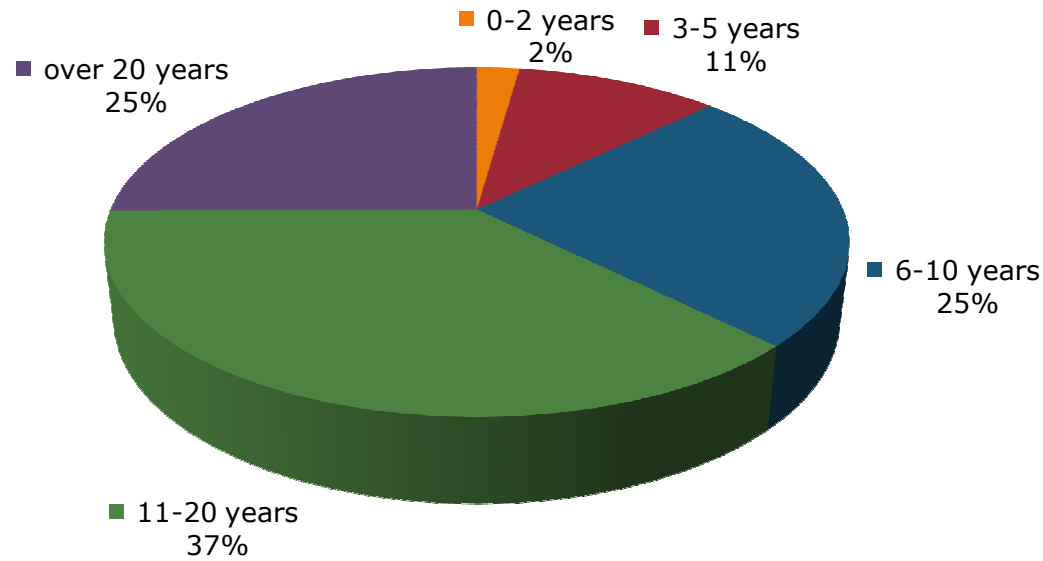
Survey respondents included individuals working at the following *types of organizations*:



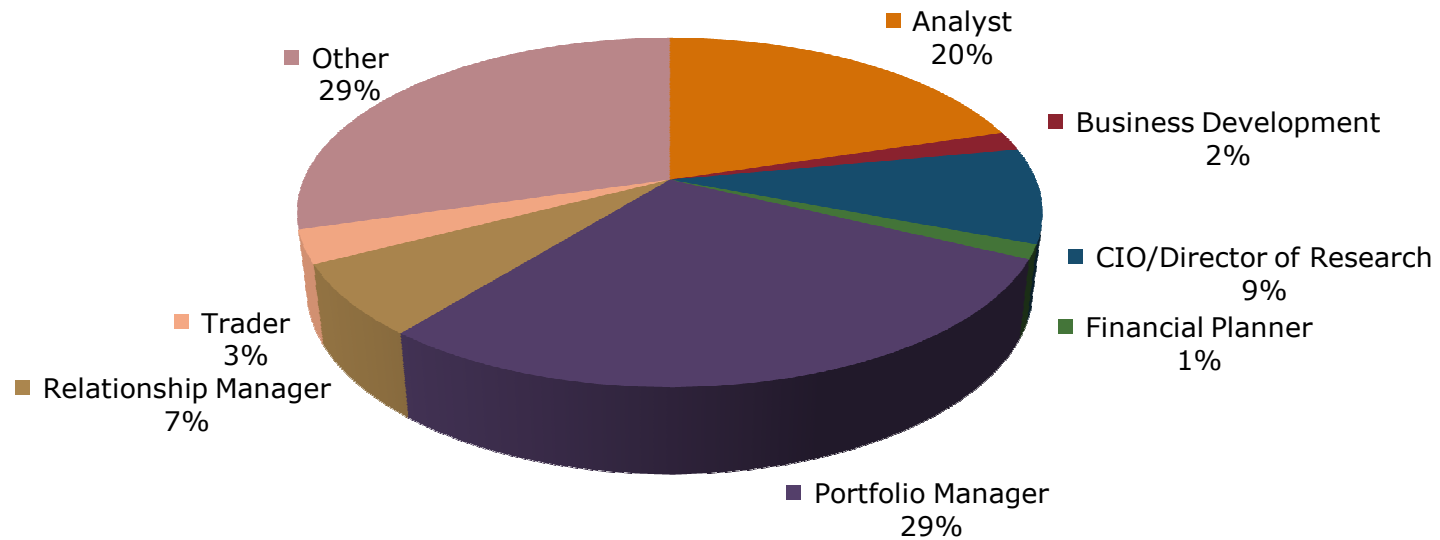
Survey respondents included individuals working for firms with the following *assets under management*:



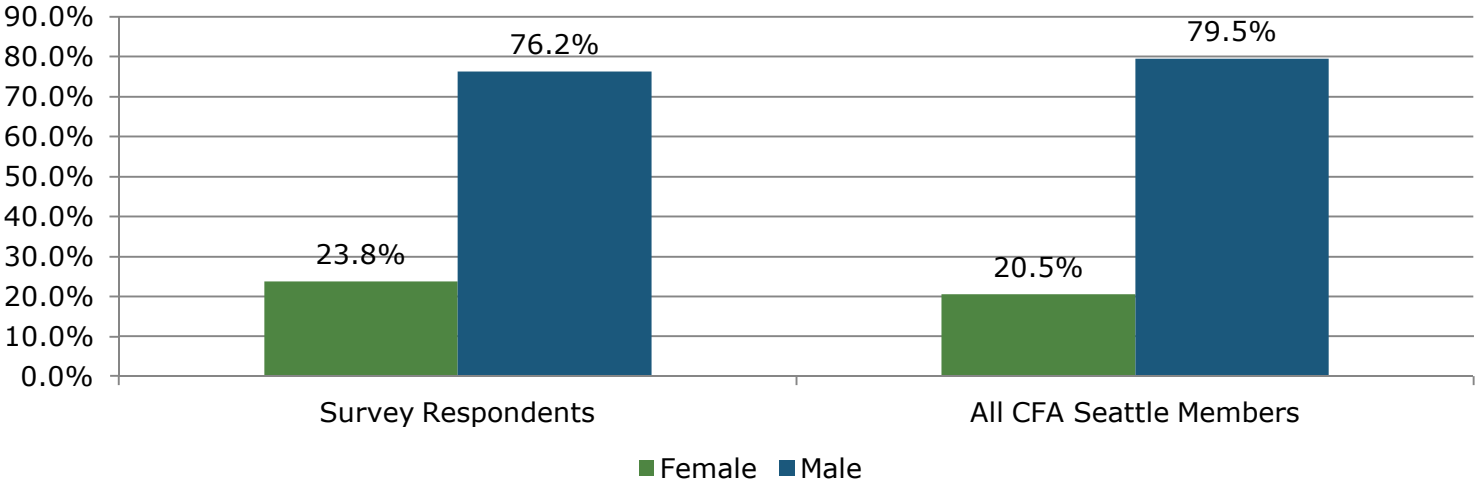
Survey respondents included individuals with the following *years of experience*:



Survey respondents included individuals with the following *job functions*:



Survey respondents included individuals with the following *gender composition*:



Overview of Results

Median total cash compensation results: The 2011 median total cash compensation for the members surveyed is \$173,500, which includes a median base salary of \$130,000 and a median cash bonus of \$35,000. Additionally, the top 10 percent of members surveyed earned total cash compensation of \$375,000 or more.

Compensation for 10+ years of experience: Looking at just those respondents with 10 years or more of experience, 2011 median total cash compensation jumps to \$205,000, which includes a median base salary of \$150,000 and a median cash bonus of \$45,000. The top 10 percent of members surveyed with more than 10 years of experience reported total compensation upwards of \$600,000.

Median Compensation by Job Title

Business Development Officer have the potential to be amongst the highest paid in our survey, with median total cash compensation of \$350,000. Chief Investment Officers/Directors of Research and Portfolio Managers also have a healthy median total cash compensation of over \$200,000.

	<u>Salary</u>	<u>Cash Bonus</u>	<u>Total Cash Compensation</u>
Chief Investment Officer/Director of Research	\$152,500	\$50,000	\$200,800
Portfolio Manager	\$148,000	\$49,200	\$215,000
Analyst	\$110,000	\$32,100	\$153,500
Relationship Manager	\$136,000	\$32,000	\$148,000
Financial Planner	\$55,000	\$15,000	\$115,000
Business Development	\$160,000	\$185,000	\$350,000
Trader	\$86,000	\$35,000	\$121,000
Other	\$131,000	\$22,500	\$166,600
Total	\$130,000	\$35,000	\$175,000

Differences in the components of compensation by employer type

Brokerage firm employees have the potential to be amongst the highest paid in our survey, with the top 10% making a base salary of \$350,000 or more.

Hedge Funds, perhaps as expected, offer the highest median base salary, highest median bonus, and highest median total compensation.

However, **The highest level of cash compensation for specific employer type** came from Investment Management (no financial planning) firms, where the top 10 percent of members surveyed earned \$480,000 or more in 2011.

Median Compensation by Employer Type

	<u>Base Salary</u>	<u>Bonus</u>	<u>Total Cash Compensation</u>
Bank <i>90th percentile</i>	\$136,000 <i>\$175,000</i>	\$60,000 <i>\$150,000</i>	\$215,000 <i>\$335,000</i>
Brokerage Firm <i>90th percentile</i>	\$140,000 <i>\$350,000</i>	\$46,000 <i>\$260,000</i>	\$166,500 <i>\$470,000</i>
Hedge Fund <i>90th percentile</i>	\$163,000 <i>\$220,000</i>	\$130,000 <i>\$180,000</i>	\$250,000 <i>\$400,000</i>
Investment Manager (no financial planning) <i>90th percentile</i>	\$130,000 <i>\$280,000</i>	\$53,500 <i>\$270,000</i>	\$195,000 <i>\$480,000</i>
Pension Foundation or Endowment <i>90th percentile</i>	\$125,000 <i>\$140,000</i>	\$0 <i>\$100,000</i>	\$162,500 <i>\$240,000</i>
Wealth Manager (investments and financial planning) <i>90th percentile</i>	\$127,500 <i>\$242,500</i>	\$27,000 <i>\$50,000</i>	\$162,250 <i>\$340,000</i>
Other <i>90th percentile</i>	\$110,000 <i>\$233,360</i>	\$8,500 <i>\$80,000</i>	\$132,000 <i>\$300,000</i>

Compensation by Employer Type

Cash bonuses and Long-Term Incentives appear to be the most common type of non-salary compensation across employer types. Over 78% of members surveyed indicated that they receive cash bonuses from their place of employment. Almost half of respondents (49%) indicated that they receive long-term incentives, with banks, brokerage firms, and investment managers having a greater percentage than other employer types.

	<u>Salary</u>	<u>Commission</u>	<u>Cash Bonus</u>	<u>Long-Term Incentives</u>	<u>Profit Sharing</u>	<u>Other</u>
Bank	100%	24%	90%	76%	0%	10%
Brokerage Firm	87%	40%	73%	60%	13%	0%
Hedge Fund	100%	0%	100%	33%	33%	0%
Investment Manager	100%	9%	89%	61%	42%	0%
Pension, Foundation, Endowment	100%	0%	25%	0%	0%	0%
Wealth Manager	97%	27%	73%	33%	20%	3%
Other	95%	3%	58%	23%	23%	5%
Total	98%	14%	78%	49%	28%	2%

Compensation by Firm Size

Larger firms offer more types of additional compensation. Firms with over \$500 million in assets under management are significantly more likely to offer a cash bonus. Firms with more than \$1 billion under management are more likely to have Long-Term Incentive plans. Profit Sharing seems to have no discernible pattern of correlation with firm size.

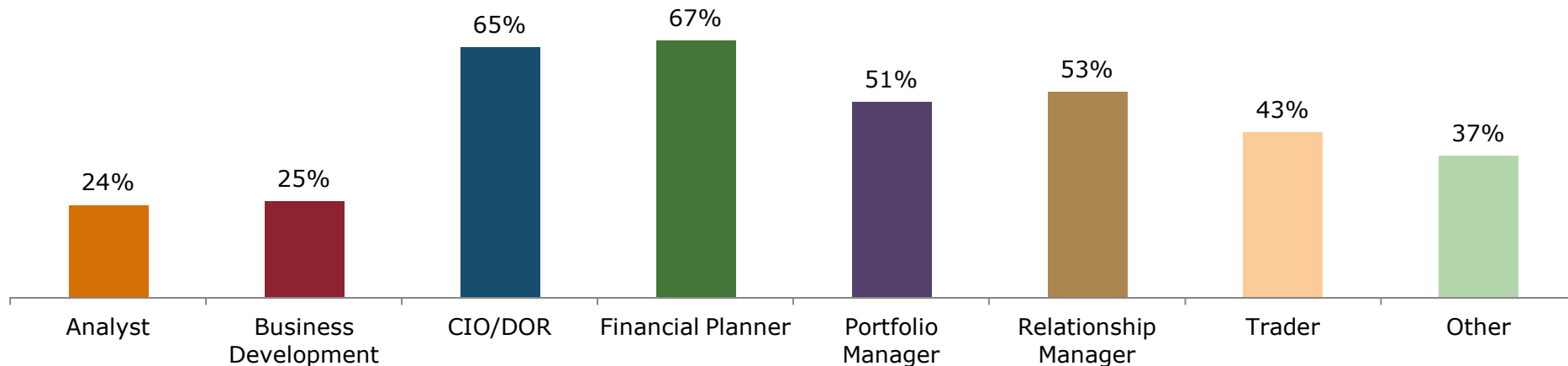
	<u>Salary</u>	<u>Commission</u>	<u>Cash Bonus</u>	<u>Long-Term Incentives</u>	<u>Profit Sharing</u>	<u>Other</u>
Under \$500 million	96%	17%	43%	22%	22%	4%
\$501 million - \$999 million	100%	14%	86%	14%	14%	0%
\$1 - 5 billion	100%	3%	87%	44%	33%	0%
\$6 - 10 billion	100%	13%	100%	63%	0%	0%
\$11 - 20 billion	100%	30%	90%	40%	20%	0%
Over \$20 billion	99%	18%	88%	66%	31%	2%
My firm doesn't manage assets	88%	8%	48%	32%	28%	8%

Firm Ownership Data

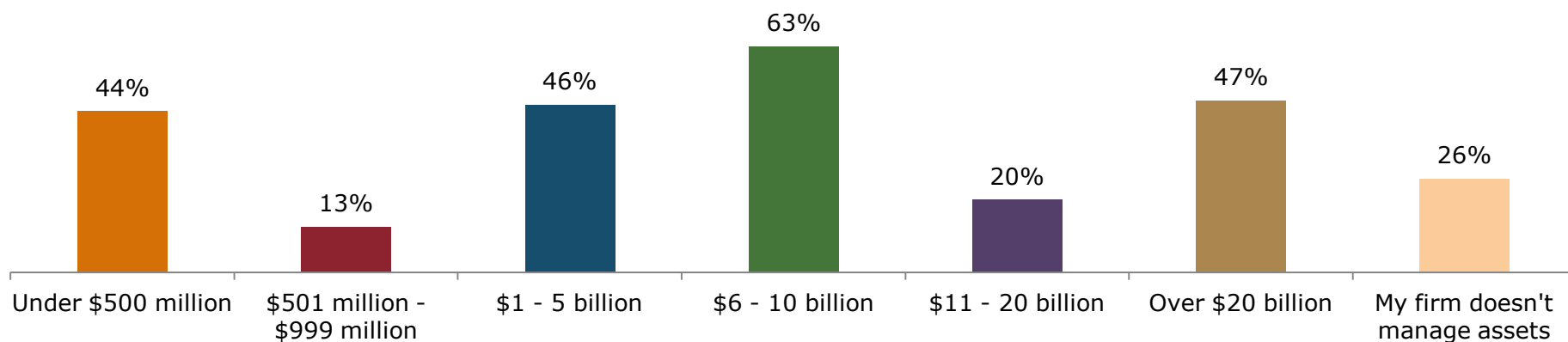
Firm Ownership was calculated versus Job Title and firm Assets Under Management. Chief Investment Managers/Directors of Research (CIO/DOR) and Financial Planners were most likely to have ownership in their firm. In the case of CIO/DORs, we believe it to be reflective of the seniority and experience inherent in those positions.

Not surprisingly, in terms of firm size, ownership seems to be granted mostly at the smallest firms as well as those in the middle of the AUM range.

Ownership by Job Title



Ownership by Assets Under Management



Compensation Satisfaction

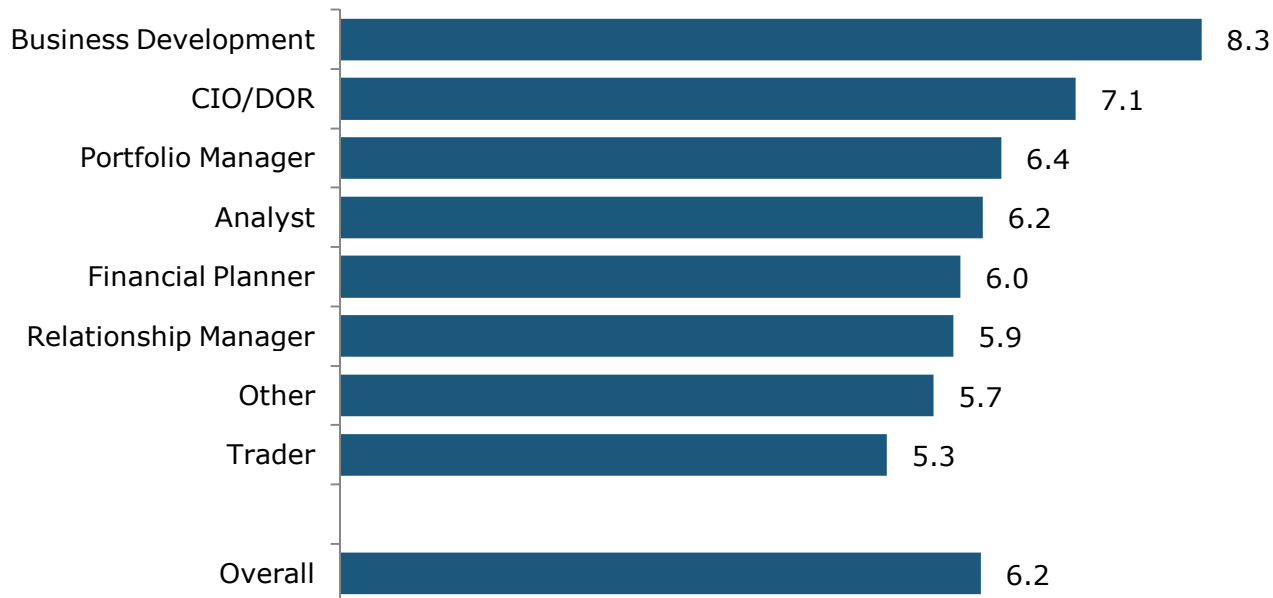
Employees' satisfaction with compensation: The majority of members surveyed (75%) reported a satisfaction level of 5 or above (on a scale of 1-10) with their compensation.

Compensation Satisfaction: Aggregate Results

	Extremely Satisfied			Satisfied				Unsatisfied		
	10	9	8	7	6	5	4	3	2	1
Median Salary	220,000	132,500	122,400	150,000	130,000	132,000	112,000	125,000	105,500	110,000
Median Bonus	100,000	52,500	72,500	45,000	34,500	4,046	20,000	20,000	11,600	2,500
Median Total Compensation	397,500	195,800	195,000	205,000	182,500	157,000	140,000	150,000	114,100	110,000

Percentage of respondents 6% 14% 12% 18% 17% 8% 10% 5% 5% 4%

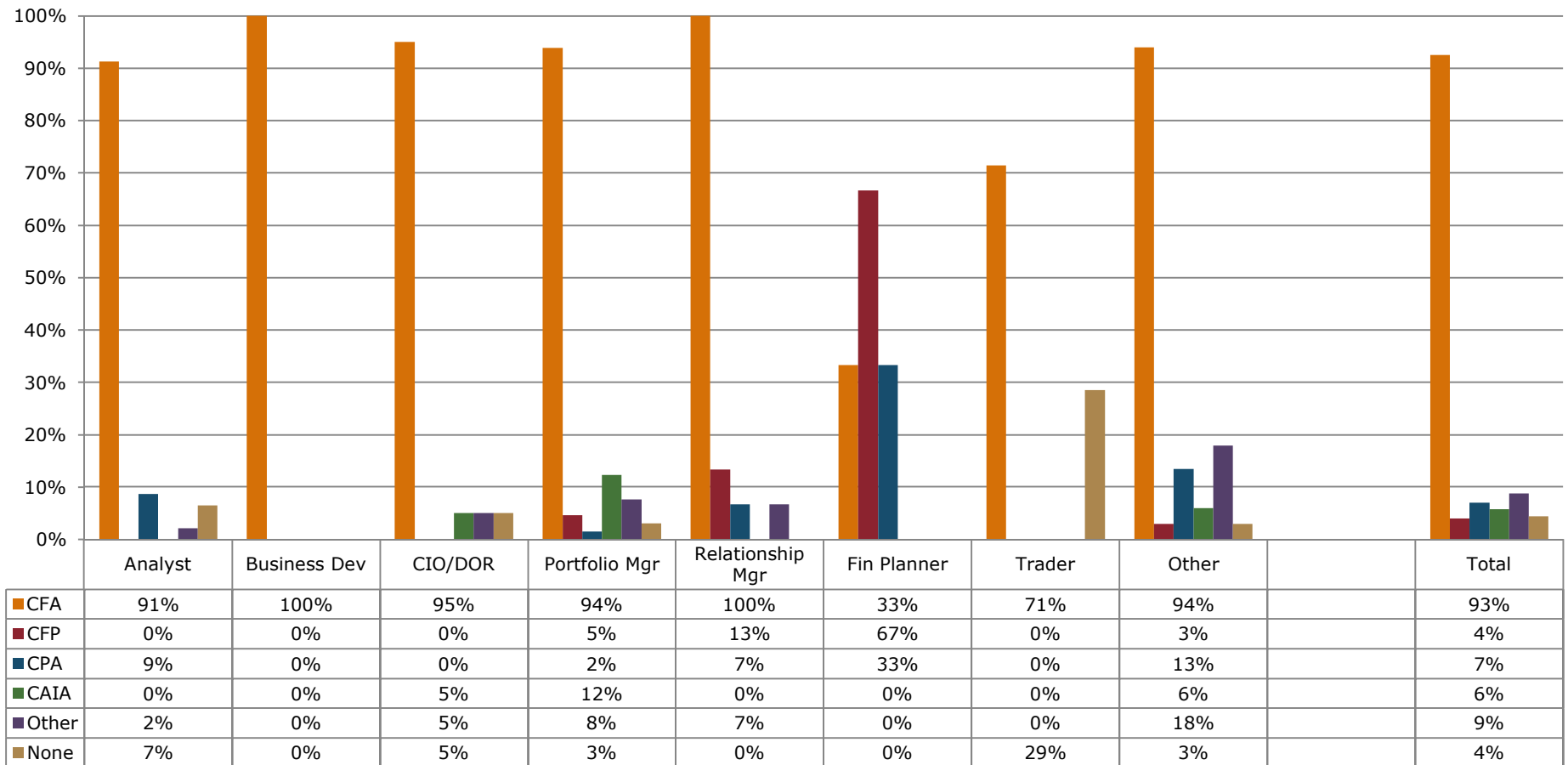
Average Compensation Satisfaction is highest with those in Business Development and Chief Investment Officers/Directors of Research. The average member surveyed is satisfied with their compensation.



Professional Designations

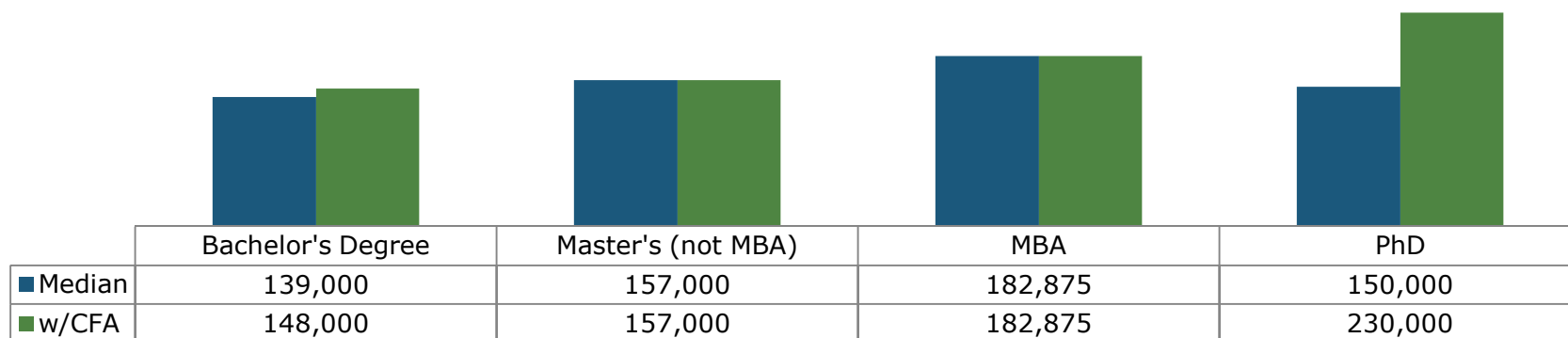
The majority of survey respondents, 93% overall, have earned the Chartered Financial Analyst Designation. Approximately 7% of members surveyed are Certified Public Accountants, and 4% hold the Certified Financial Planner Designation.

Professional Designations Held by Job Title



Compensation and Education

Generally speaking, survey respondents indicated that median total cash compensation increased with education. For respondents with a Bachelor's degree or PhD, median total cash compensation was higher for respondents who also held the Chartered Financial Analyst Designation.



The Effect of Gender on Compensation

There is a noticeable gap between the median total cash compensation for men and women across all but one level of experience. The CFA Seattle survey results indicate a 7% differential overall, and a 6% gap at the 90th percentile. Importantly, however, the gap has decreased significantly between the 2005 and 2011 surveys, dropping a full 11% from 18% to 7%.

	Total	Years of Experience				Over 5	Over 10
		0 to 5	6 to 10	11 to 20	20 or more		
Male							
Median	\$176,000	\$121,000	\$145,000	\$203,300	\$235,000	\$198,500	\$215,000
90th percentile	\$480,000						
Female							
Median	\$164,500	\$82,000	\$158,250	\$200,000	\$171,250	\$172,000	\$190,000
90th percentile	\$450,000						
Gap as a % of Male Compensation							
Median	7%	32%	-9%	2%	27%	13%	12%
90th percentile	6%						

Conclusion

This survey of 227 members of the CFA Society of Seattle represents a 27% response rate. Information collected was relative to 2011 compensation.

Because the vast majority of respondents are Charterholders, it was unclear from the data collected if there is still a strong premium attached to attaining a Charter.

It is clear, however, that gender bias in compensation remains prevalent, with men being paid better than women with similar levels of experience. There was no statistical difference in the level of education, with advanced degrees held by 47.4% of women and 48.0% of men. It is unclear from the data if this is due to differences in positions held, job duties, or type of employer. All workers indicating that they worked less than full-time were women, but salaries were adjusted to full-time equivalents so part-time workers were not a factor in the differences.

Overall, most professionals surveyed were at least satisfied with their current compensation.

Historically, CFA Seattle has undertaken compensation studies every three to five years. It is our hope to conduct the survey more frequently going forward. We thank all who participated.