

# ADVISER COMPENSATION & STAFFING STUDY UPDATE



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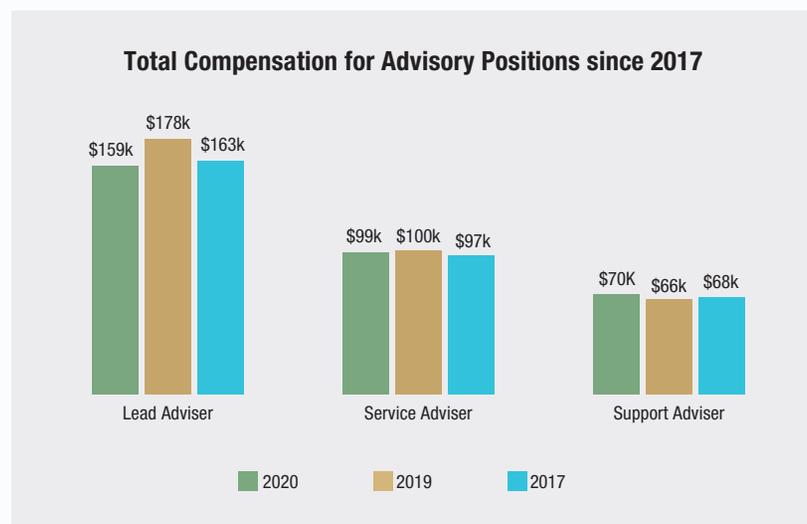
# A TALENT SHORTAGE DRIVEN BY STAGNANT ORGANIC GROWTH...

The independent advisory industry has spent a lot of time discussing a shortage of talent. When we look at industry activities related to the acquisition, development and retention of professional talent, a picture emerges that goes a long way in helping to explain this shortage. Across the industry, we see little recruiting activity, slow promotions and stagnant compensation.

While 2019 was a year of rapid growth in assets under management, the majority of this AUM growth came from market performance rather than new client relationships. Consequently, firms made only small increases to their staffing and only about one in 10 made a promotion within their advisory departments.

## ANOTHER YEAR OF FLAT COMP...

This combination of slow growth in staffing and relatively little career activity produced another year of flat compensation, with the industry seeing very little change across the most common positions. The average total compensation for the most common advisory and operations positions remains practically unchanged since 2017. In fact, the median total compensation for the Lead Adviser position has declined since the previous year of this study.



## IS THERE A WAR ON TALENT?

The results of this year's study paint an overall picture of slow — perhaps stagnant — organizational growth. While the industry frequently discusses a “war for talent,” there is little evidence that firms are aggressively competing for talented professionals. Consequently, compensation continues to change very slowly, with large firms offering better compensation packages and accounting for most of the staffing activity in the industry.

## GOING DEEPER...

The InvestmentNews Compensation & Staffing Study, the longest-running benchmarking of the advisory workforce, breaks out these trends in detail and highlights differences that emerge along four key stages of a firm's evolution:

<b>Solo Practices</b>	consisting of one adviser and support staff
<b>Ensembles</b>	that have brought together multiple professionals but generate less than \$5 million in annual revenue
<b>Enterprise Ensembles</b>	with between \$5 and \$10 million in annual revenue
<b>Super Ensembles</b>	with more than \$10 million in annual revenue

### Information on how independent advisories are:

- HIRING** Where firms are adding staff, where they find candidates and how long they search
- RETAINING** Rates of promotion and turnover by department and position
- COMPENSATING** Salary ranges and structures for the 30 most common advisory firm roles, including executives, advisers, specialists and operations and administrative staff

Based on data covering:



**300+**  
Firms



**2,400+**  
Advisers



**5,800+**  
Employees

To purchase the full study, visit [investmentnews.com/benchmarking](https://investmentnews.com/benchmarking)

## INVESTMENTNEWS ADVISER COMPENSATION & STAFFING STUDY – 2020 UPDATE

At this time last year, we released the 2019 InvestmentNews Adviser Compensation & Staffing Study, a comprehensive biennial analysis of staffing, development and rewards approaches employed by the nation's advisory firms during 2018. You are about to read our concise update to this study, which offers new insights and contrasts based on advisory firms' talent-related strategies during 2019.

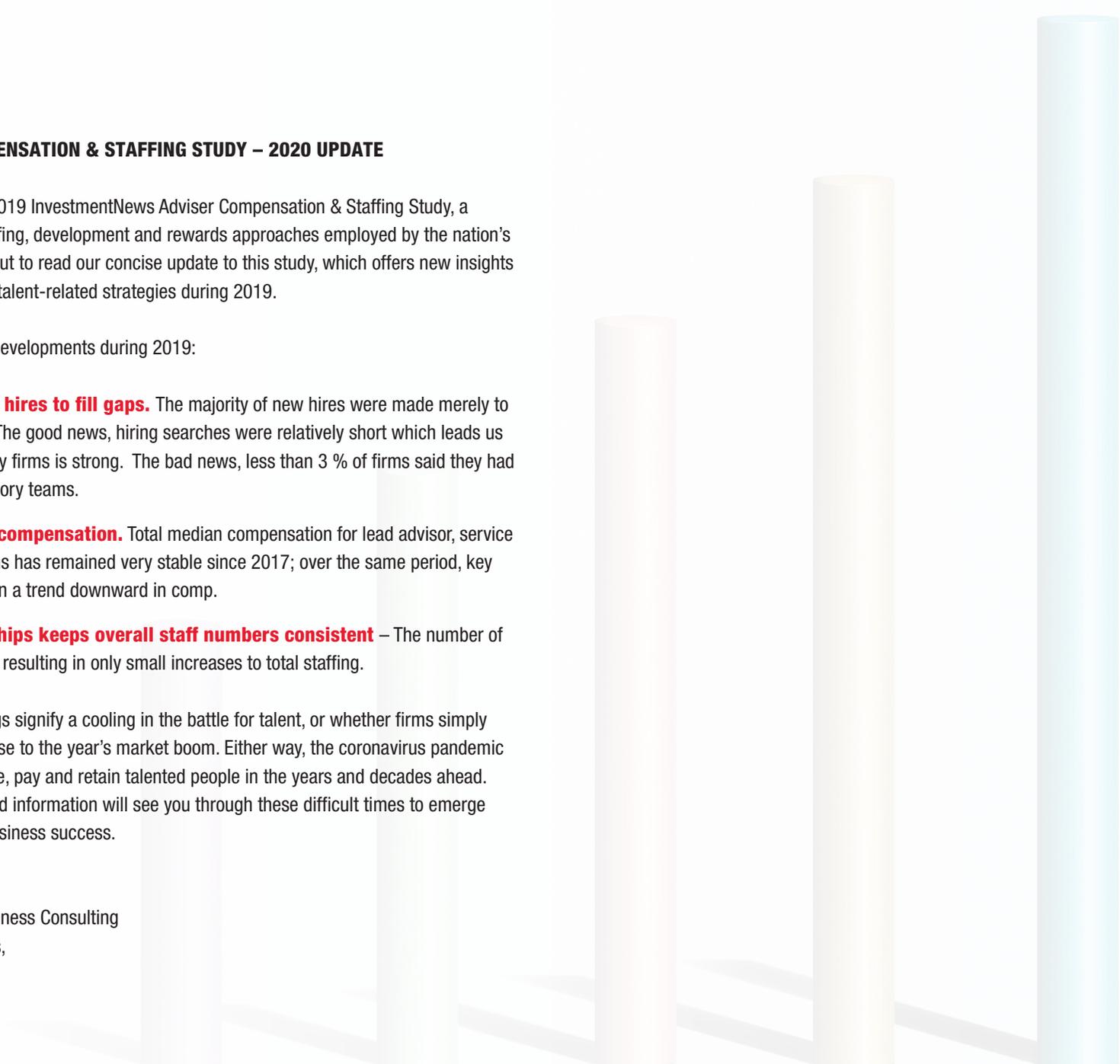
This mini-study sheds light on several developments during 2019:

- **Talent churn is motivating new hires to fill gaps.** The majority of new hires were made merely to replace departing team members. The good news, hiring searches were relatively short which leads us to believe the talent pool for advisory firms is strong. The bad news, less than 3 % of firms said they had made a promotion within their advisory teams.
- **Steady state when it comes to compensation.** Total median compensation for lead advisor, service advisor and support advisor positions has remained very stable since 2017; over the same period, key operational positions have even seen a trend downward in comp.
- **Slow growth of client relationships keeps overall staff numbers consistent** – The number of client relationships grew only 4.9%, resulting in only small increases to total staffing.

It's difficult to tell if 2019's study findings signify a cooling in the battle for talent, or whether firms simply paused organizational growth in response to the year's market boom. Either way, the coronavirus pandemic is certain to reshape how firms find, hire, pay and retain talented people in the years and decades ahead. We hope that this kind of straightforward information will see you through these difficult times to emerge stronger and poised for even greater business success.

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# ACKNOWLEDGEMENTS

## InvestmentNews

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## IN Research

### ABOUT INVESTMENTNEWS RESEARCH

This report, along with similar in-depth reports on Compensation & Staffing and Pricing & Profitability, are the work of InvestmentNews Research, which provides financial advisers with the industry's most informative practice management studies and benchmarking reports. The reports are a prime source of market intelligence for advisory firms and industry partners, including custodians, broker-dealers, service providers and professional organizations.

For more information about InvestmentNews Research and its custom research solutions, please contact Devin McGinley at 646-437-7960 and [dmcginley@investmentnews.com](mailto:dmcginley@investmentnews.com).

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