

Observer

Financial Planners' Salaries Are Rising



According to FPA's 2012–2013 *Financial Planning Compensation Study*, in which more than 1,000 financial planning professionals were surveyed, most individuals employed at financial planning firms saw compensation increases compared to the levels reported in 2010. Increases ranged from 1 percent to 52 percent in total pay. Altogether, 13 of 21 positions included in the study showed pay increases, while seven positions reported pay decreases.

Positions with the highest pay increases included compliance officer (52 percent), CFO/bookkeeper/staff accountant/controller (35 percent), and COO/operations manager (22 percent). Positions with the largest pay decreases

included estate planning specialist (26 percent), business development manager (29 percent), and marketing manager (33 percent).

FPA conducts the survey every other year to provide in-depth data on salary, incentives, and benefits. The full study breaks down data by job position, experience level, and firm characteristics. The study also includes information on job satisfaction. Individuals in CEO/owner/president positions reported being very or extremely satisfied with their job (85 percent) and cited their work environment and compensation as the primary reasons for their satisfaction.

In addition to providing insights into compensation at 2012 levels, the study reveals benefit and compensation plans for 2013. Approximately two-thirds of practices reported plans to increase employee compensation in the coming year.

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Study Focuses on Advisory Productivity

A recent study, released by LIMRA and McKinsey & Company and designed to aid financial services and insurance companies in understanding the advisers they serve, reveals a lot about how experienced advisers run their practices.

Across most channels, most experienced advisers—especially RIAs and independent insurance agents—are older than 50, with more than 25 years of experience. However, more than half of advisers within 10 years of retiring or selling their practices have no succession plan.

Other findings include:

- Advisers' use of Skype and video technology is expected to quadruple over the next four years. During that time, use of social media is likely to double.
- Advisers cite growth opportunities as the most important factor in selecting a firm—

twice as important as compensation.

- The most productive advisers use four best practices: teaming, client specialization, retirement planning, and knowledge of life events.
- Advisers—especially the most productive ones—are selling a larger share of investments and advisory solutions, relative to insurance.
- Advisers are reducing the number of insurance carriers with which they do business, placing approximately 50 percent of their insurance with their top carrier.

The 2012 study surveyed nearly 2,000 financial advisers with three or more years of tenure across multiple distribution channels, including insurance companies, broker-dealers, banks, and RIAs.

STAT BANK



1.34...Percentage points by which children of risk-averse parents are less likely to attend college than children of parents with more accepting attitudes about risk, according to a paper in the *Scottish Journal of Political Economy*.

(Harvard Business Review)

45...Percentage of ultra-high-net-worth investors who say friends and family members are the biggest influence in helping them find a financial adviser. Less than 10 percent say their adviser choice is based on advertisements, financial websites, or seminars.

(Spectrem Group)

4.9...Average number of mobile banking transactions reported by U.S. banking customers over the past three months, a 50 percent increase since 2011. (Bain & Co.)

9.7...Percentage of the 73.8 million children in the U.S. who lived with a grandparent in 2012.

(U.S. Census Bureau)

Three-fourths...

Number of millionaire investors surveyed who say working with a financial adviser improves their knowledge of investing. Fifty-seven percent claim working with an adviser “gives me peace of mind.”

(Spectrem’s Millionaire Corner)

33...Percentage of Latinos who say their finances are in “excellent” or “good” shape—an increase from 24 percent last year. (Pew Research Center)

\$77,727...Mean annual compensation for sole practitioners in the East North Central Region (Illinois, Indiana, Michigan, Ohio, Wisconsin), compared to \$134,381, the mean annual pay for sole practitioners in New England. (2012–2013 FPA Financial Planning Compensation Study)

(Compensation Study)

66.9...Percentage of first-time exam takers who passed the July 2012 CFP® Certification Examination. Only 47.8 percent of repeat exam takers passed. (CFP Board)

Fewer Americans Making Financial Planning Resolutions

When Americans made New Year’s resolutions, 84 percent of them left off financial planning according to Allianz Life’s annual New Year’s Resolution Survey. The number of individuals ignoring financial planning resolutions reflects a trend, up from 80 percent in 2012 and 67 percent in 2009.

The main reasons for not making financial planning resolutions? Thirty-two percent said they “don’t make enough to worry about it.” Twenty-six percent believe they already have a solid financial plan in place, while 20 percent blame the fact that they “don’t have an adviser/financial professional.”

Katie Libbe, vice president of consumer insights for Allianz Life, calls the trend alarming.

“With the responsibility for retirement security shifting from employers to individuals, people need to become more, not

less, active with financial planning to ensure they have enough money to fund a retirement that could last up to 30 years,” says Libbe.

More than one-third of those surveyed (36 percent) said they were less likely to seek advice from a financial professional in 2013. That’s a 5 percent increase compared to the 2011 survey results. Only 20 percent in the latest survey claimed to be more likely to seek professional advice.

For the second consecutive year, Americans’ top focus for 2013 was “health/wellness,” (44 percent). Thirty-one percent of survey participants listed “financial stability” as their top choice, followed by “employment” (15 percent) and “education” (6 percent).

The resolutions survey takers said they’re most likely to keep? “Exercise/diet” (44 percent) and “manage money better” (41 percent).

“Just go back to August 2011, we saw confidence plunge when Congress played Russian roulette with the debt ceiling. We saw job growth grind to almost a halt. So the economy will certainly do better if Congress does what it normally does, which is raise the debt ceiling without drama.”

—Alan Krueger, chairman of President Barack Obama’s Council of Economic Advisers, in an interview with MSNBC