Financial Services Industry

SALARY AND BENEFIT CENSUS

2014 - 2015

Contents.

bwd

"The definitive reference source for salaries and benefits in UK financial services."

1.Introduction

This is the third annual Census from BWD. It is now established as a definitive reference source for salaries and benefits in UK financial services. The Census records cover the period from 2012, through 2013 and now, 2014. The three sample points span pre and post RDR and so act as a valuable analysis of the impact of this pivotal piece of regulation, whilst also showing how the sector is reshaping itself for the future.

Whilst the Census is essentially designed to focus on its core subject – salaries and benefits - the report includes information and analysis on broader sector issues – emerging qualification benchmarks, the balance of independence versus restricted status and other matters of interest and concern to all industry participants and commentators.

We also include BWD's expert commentary on key recruitment trends for the various occupational groups covered in the Census.

Businesses

For those with responsibility for the recruitment and retention of talent in these categories, the Census will help you understand how your current remuneration shapes and overall packages compare with the wider market.

This salary census will also help you understand the likely requirements of potential recruits to your team as well as the levels required to retain talent.

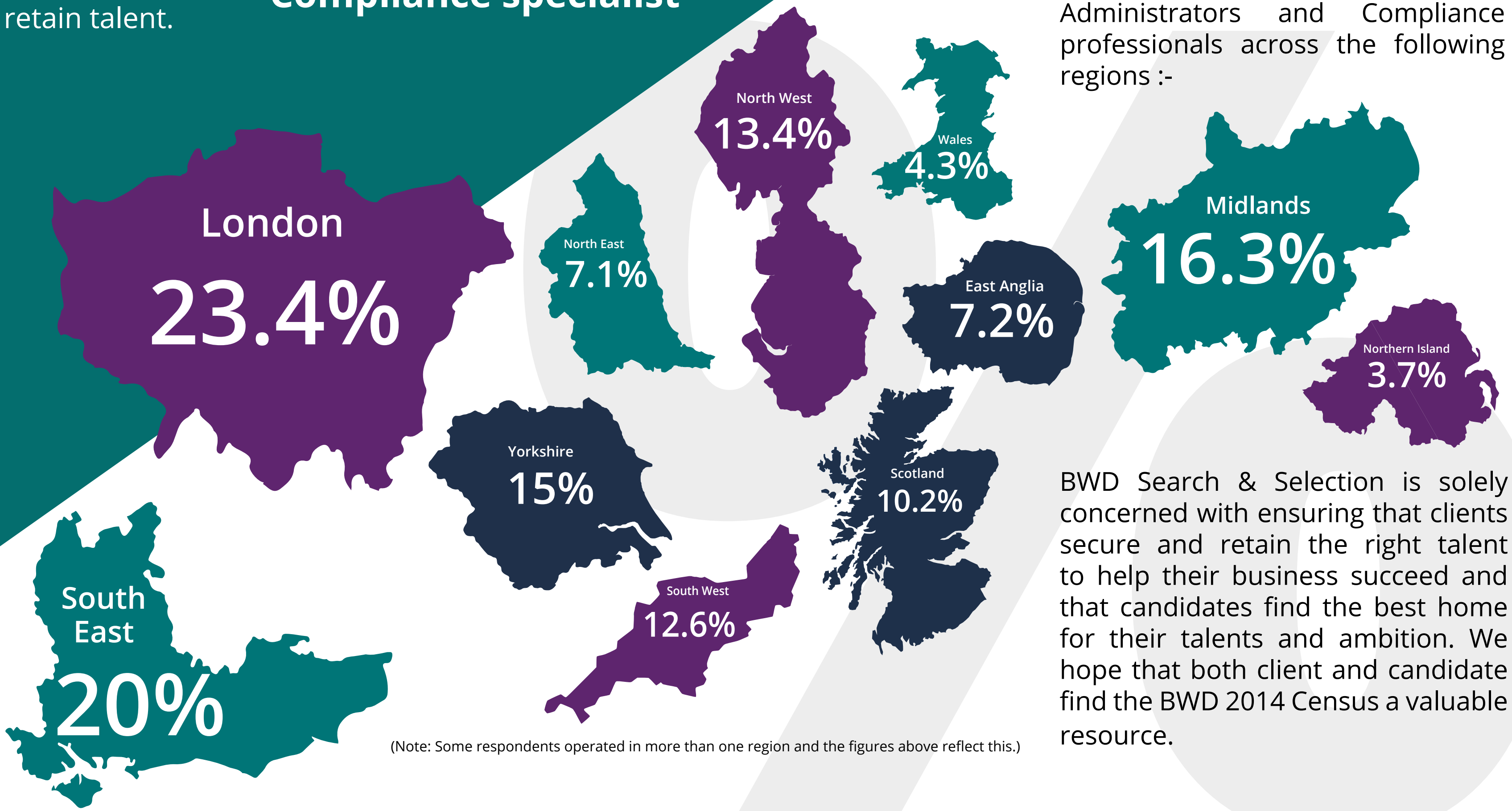
Individuals Covered

The BWD Census will be of real value to you if you are a:

- **Financial Adviser/Planner**
- **Paraplanner**
- **Broker Consultant**
- **Employee Benefit Consultant**
- **Administrator**
- **Compliance specialist**

Scope

This is a UK wide study of those involved in FS distribution or support. The Census covers Financial Advisers, Paraplanners, Broker Consultants, Employee Benefit Consultants, Sales Support/Administration, EB Administrators and Compliance professionals across the following regions :-



(Note: Some respondents operated in more than one region and the figures above reflect this.)

BWD Search & Selection is solely concerned with ensuring that clients secure and retain the right talent to help their business succeed and that candidates find the best home for their talents and ambition. We hope that both client and candidate find the BWD 2014 Census a valuable resource.

2. Method and Sample

Respondents were asked to complete a confidential questionnaire, which was addressed personally and completed individually. In addition, we took practice level information from a number of firms who provided key salary, bonus and benefits data for their staff. This has helped to create a record depth of sample with data collected in respect of 760 individuals in total.

Corporate and individual respondents were assured that the data would remain confidential and used only for analysis and aggregation purposes.

Data Sample Size

760

Individuals

Employment Category

Respondents fell into the following categories of employer.

Financial Adviser	59.9%
Life Company	11.5%
Other	11.5%
Investment Provider	8.7%
Employee Benefits Consultancy	7.6%
Bank/ Building Society	5.2%
Independent Platform	3.7%

Gender Splits

The infographics below show the male percentage overall and by occupation.

2014 71.8%

2013 74.2%

Financial Adviser
2014 85.9%
2013 89.7%

Paraplanner
2014 47.4%
2013 31.6%

Employee Benefits Consultant
2014 78.1%
2013 82.4%

Broker Consultant
2014 84.6%
2013 79.7%

Compliance
2014 63.6%
2013 75.0%

Sales Support / Administration
2014 51.4%
2013 29.4%

Employee Benefit Admin
2014 50.0%
2013 N/A%

Other
2014 67.7%
2013 70.5%

Roles

The roles we have focused on and analysed separately are.

Financial Adviser /Planner **50.1%**

Paraplanner **14.2%**

Broker Consultant **10.3%**

Employee Benefits **9.3%** Consultant

Sales Support/ Administration **4.6%**

Employee Benefit Administration **3.4%**

Compliance **2.9%**

3.Executive Summary and Analysis

This third BWD Census gives us an important overview of the financial services sector, including pre-RDR benchmark data. It provides a detailed view of salaries, bonuses and benefits across the following occupational groups: – Financial Advisers, Broker Consultants, Employee Benefit Consultants, Paraplanners, Sales Support / Administration staff, Compliance and, for the first time, Employee Benefit Administrators. We look at the mean figures as well as the spread of earnings and we also show variations by region.

The first Census covering 2012 showed earnings for Financial Advisers as materially lower than for either Broker Consultants or Employee Benefit Consultants; this relative positioning continued in 2013. However, in 2014, the situation changed and adviser remuneration – both for employed and self-employed – has increased markedly, so much so that financial advisers are now the highest earning category covered by this Census. This may be partly attributable to the apparent “advice gap” where a drop in numbers since the RDR has driven the price of advice upwards – reflected in higher earnings.

However, adviser earnings have benefited from the business environment in 2014, which continued the good progress made in 2013, with the economy, stock market and housing markets being the main growth drivers. Naturally, financial adviser earnings will be more volatile year on year and more strongly linked to business volumes, particularly for self-employed advisers - the highest earning category of all - £84,521 for 2014. This is a reversal of the situation in 2013, where employed advisers did better, but as always we need to remember the value of the overall packages enjoyed by employed advisers.

Within the adviser market the DFM sector has proven to be a major force in generating increased demand for talented individuals. Salaries and overall packages for advisers are moving upwards to reflect this demand and natural risk aversion means that advisers need to be offered reasonable incentives to move firm.

It is important to note that the overall average salaries for all occupations shows good, steady progress over the years we now cover. For 2015, the overall average salary is £49,004 (7.18% higher than in 2014). Bonuses are in the vast majority of cases calculated either on a KPI/ Scorecard Basis or on a Discretionary Basis, partly to reflect regulatory standards and partly as good business practice. Within the KPI approach, two factors are given greater emphasis in 2014 – project performance and qualifications achieved.

We note, however, that the Financial Adviser, Broker Consultant and EBC roles continue to be heavily male dominated. We also see that the number of males in both Paraplanner and Sales Support roles has increased. In some cases, the former reflects some advisers converting to Paraplanning. Changes in the wider work place and the demand amongst females for financial advice do not yet, it seems, work through to a growth in females in the FS sector. Moreover, earnings are strongly skewed in favour of males - a situation that we envisage must change over time.

The average age of an adviser has risen again to 46 from 43 in 2013 and 42 in 2012. We remain concerned at the lack of younger advisers. The 2013 figures showed just 3% of advisers under 30 – this new Census recorded no advisers at all under 30. Even allowing for the time lag in new entrants to the sector qualifying as advisers, this is now a crisis in the making. It suggests to us that all adviser practices should look carefully at their recruitment and consider creating opportunities for new young entrants. The alternative is a concerning spiral where the price of advice rises further and we already see evidence of firms reluctant to increase packages for middle level planners, yet at the same time, unwilling to invest in new young recruits.

There is strong evidence in the Census that

Continued on next page...

3.Executive Summary and Analysis

Chartered status has effectively become the new standard for financial advisers. The vast majority of advisers in this Census are either Chartered or plan to become so this year. The Census looked at the earnings differentials and these clearly favour the Chartered advisers who on average earned 25% more than those advisers whose highest attained qualification was Level 4. This trend is also supported by the requirements of recruiting employers many of whom are now requiring chartered/CFP status for new entrants. Independent advisers earned slightly more than their 'restricted' counterparts, with single tie advisers some way behind. Directly authorised advisers earned 38% more than Network members.

Financial advisers with the highest earnings are likely to be male, Chartered, directly authorised, independent and self-employed.

Broker consultants in last year's Census predicted a fall in their bonuses, this was proven to be a sound prediction as the move to a more KPI based bonus basis produced lower levels than previous new business based packages. There are several factors influencing their future packages, not all operating in the same direction. On the one hand, the Pensions Freedom changes will increase the need for close work with the adviser sector. On the other hand, several providers are focussing on their own D2C plans. The FCA Incentive Guidelines may have some effect on the ability of companies to provide support but the growth of BDC type roles in platforms and specialist retirement providers may have an upward impact on demand for BDCs.

Overall, whilst pension contributions are holding up, we are seeing a continued drop in other forms of employee benefit provision as firms identify ways to trim the costs of their workforce. Nevertheless, within the EBC space, we see increased demand in the DC and Investment sub sectors, but flat growth in the risk and health care markets. The AE market continues to develop, though with some small and specialist operators gaining at the expense of the mid-size corporate advisers. The growth in influence of the big 4 has created some package pressure for actuaries though the EBCs tend to home grow where possible.

Finally, we have seen some increases in paraplanner packages; something we have suggested was overdue in previous Census reports. This may be partly due to advisers switching to the Paraplanner role, and several firms recognising that increasing their resource in this area can free up their advisers to maximise face to face time with clients.

4.Census Results Highlights

Occupation with highest total earnings for 2014

Financial Advisers

£80,774

*Note that this figure is an un-weighted average of employed advisers' total earnings and self-employed advisers' earnings – in this Census, 81% of advisers were employed and 19% self-employed. In 2013 the highest earners were Broker Consultants and in 2012, Employee Benefit Consultants.

Overall average 2014 Salary is

£45,720 ↑ 1.8%

2013	2012
£44,895 ↑ 7.8%	£41,644 ↑

Overall average 2014 earnings
Salary + Bonus

£60,719

2013	2012
£60,437	£56,713

Overall earnings expectations for 2015

55% Expecting Increased Earnings

37% Expecting No Change

7% Expecting A Fall

Most contribution to pension: Employer and Employee Combined

Financial Advisers

14.3%

Advisers who are directly authorised earned

25% More

than those who are members of networks

Most Optimistic Group For 2015

Employee Benefits Consultants

61.9%

Expecting an increase in earnings

Employed Adviser’s Total 2014 Earnings

£77,027 ↑ 27%

2013	2012
£60,441 ↓ 3.8%	£62,838

Self Employed Adviser’s Total 2014 Earnings

£84,521 ↑ 50%

2013	2012
£56,327 ↓ 6.9%	£60,533

NB for package comparison purposes, employed advisers will also have benefits to add.

Average age of advisor in 2014 is

46

2013
43

2012
42

Overall pension contribution for all categories of employment

12%

2013	2012
13%	11%

77%

of adviser respondents offer independent advice (In 2013 60.3% and 83% for 2012 pre-RDR) This appears to show a material shift back to independence.

	2014	2013
Formula based on business income	21.5%	25.1%
Multiple of salary earned	7.7%	10.4%
A scorecard or KPI basis	42%	51.6%
Discretionary	46.4%	55.6%

Independent Advisers Earned of Avg.

£76,347

a small advantage over restricted advisers - £74,683. 2013 also showed a small advantage for independents.

Gender Pay Gap

Male

Financial Advisers are Earning

28%

Than

Females

Male BDCs and EBCs earn 44% more than their female counterparts - a pattern repeated in the 2013 and 2012 Census.

Levels of Earnings Optimism
For 2015

The table below shows, for all respondents, their earnings expectations for 2015 compared to 2014:

	2015	2014
Expect a fall by up to 10%	3.9%	4.3%
Fall by more than 10%	3.7%	6.8%
Remain the same	36.9%	38.9%
Increase by up to 10%	30.5%	29.7%
Increase by more than 10%	25%	20.3%

Most Optimistic Group For 2015

Employee Benefits Consultants

61.9%

Expecting an increase in earnings

Earnings by Occupation

2015- 2014 Comparison

	2015 Salary	2014 Salary	2014 Bonus	2014 Total Earnings	2013 Total Earnings
All Participants	£49,004	£45,720	£14,999	£60,719	£60,437
Financial Advisers (employed)	£63,752	£60,490	£16,537	£77,027	£60,441
Financial Advisers (self-employed)	N/A	N/A	N/A	£84,520	£56,327
Paraplanner	£33,945	£29,904	£3,491	£33,395	£29,791
Employee Benefits Consultant	£53,133	£52,219	£25,494	£77,713	£67,510
Broker Consultant	£51,182	£47,657	£29,459	£77,116	£87,404
Compliance	£48,763	£47,957	£5,314	£53,271	£43,122
Sales Support/ Admin	£26,108	£24,853	£1,960	£26,813	£28,665
Employee Benefits Administration	£25,917	£24,983	£636	£25,619	N/A

Total Earnings by Region

All Occupations

	2014	2013	2012	2011
London	£84,299	£68,067	£52,767	£52,110
South East	£77,718	£68,284	£59,713	£54,966
South West	£80,260	£65,808	£45,623	£39,906
East Anglia	£71,725	£71,533	£33,328	£34,718
Midlands	£78,955	£62,581	£47,081	£43,824
Wales	£85,961	£83,761	£61,375	£67,750
North West	£71,752	£53,827	£45,774	£47,777
North East	£86,917	£75,670	£65,271	£57,667
Yorkshire	£63,937	£56,854	£49,350	£52,992
Scotland	£76,987	£53,288	£38,157	£40,359
N.Ireland	£45,341	£71,635	N/A	N/A

4.1 Financial Advisers
Census Highlights

86% **14%**

86% of Financial Advisers are Male (compared to 90% in 2013 and 88%; in 2012) - the low figure for female advisers is a continued concern. It appears that the sector is still not making itself attractive enough to the whole potential workforce. Nevertheless, some comfort can be taken from the move over the year from 10% female to 14%.

46

Average Age

46 (2013: 43 and 2012: 42). This Census shows no advisers below the age of 30 (3% in 2013 were under 30). Even allowing for sampling errors, the minimal flow of new younger advisers must now be a real concern for the sector.

81%

81% are Directly Authorised (2013: 87% ; 2012: 73%), suggesting the pro DA change post RDR has reversed a little

64%	33%	3%
Independent	Restricted	Single Tie

64% of advisers in the Census are independent (2013: 61%), 33% restricted (2013: 33%) and 3% are single tie (2013: 6%)

2014
81%

2013
77%

2012
69%

81% of Financial Advisers are employed (this shows a continued shift towards employment (2013: 77%; 2012: 69%)

4.1 Financial Advisers
Salary Benefits

Pension Scheme Membership is

72%

Where earnings for self-employed respondents are a defined % of personal production

2015	2014	2013	2012
61%	60%	70%	67%

Self-employed advisors typically gain

60%

of the business value the produce

27.2

Average days holiday for 2014

53%

Of advisers expect their earnings to increase in 2015 (2014: 57% for 2014)

31% Expect No Change

7% Expect A Fall

Bonuses for employed advisers are calculated by reference to financial measures

	2014	2013
Percentage of business income	31%	33.3%
Multiple of salary earned	8%	13.3%
A scorecard or KPI basis	38%	58.3%
Discretionary	47%	37.5%

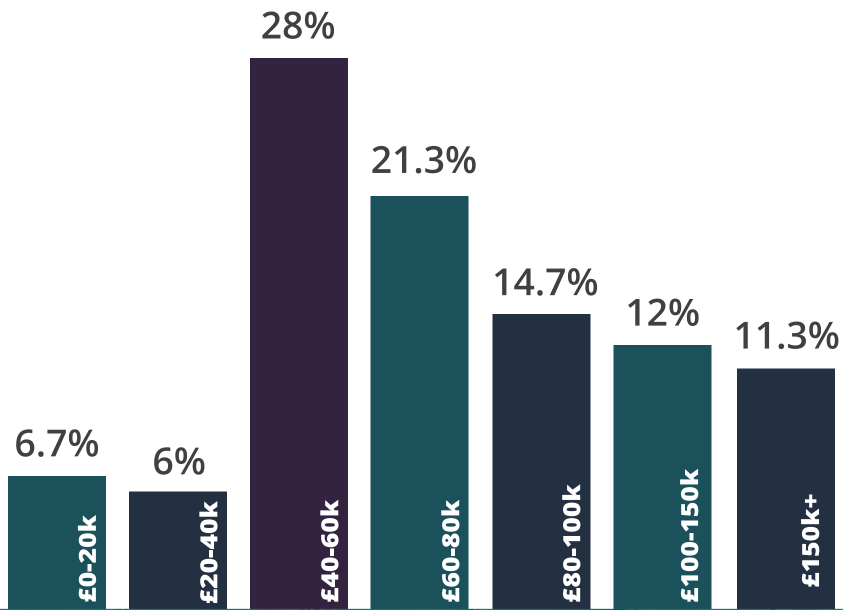
Those using Balanced Scorecard / KPI have mentioned the following factors

	2014	2013
Business Produced	76%	87%
Retention/Lapses	44%	47%
Compliance	75%	87%
Project Performance	17%	7%
Qualifications Achieved	15%	9%
Team Work	41%	41%
Attitude	49%	44%
Other	19%	11%

4.1 Financial Advisers

Employed

	2014	2013	2012	2011
Salary Earned	£60,490	£49,053	£46,337	£48,789
Bonus	£16,537	£11,388	£16,501	£17,492
Total Earnings	£77,027	£60,441	£62,838	£66,281
Car Allowance Avg.	£5,571	£4,696	£4,000	N/A
Employer Pension Cont.	9.1%	7.3%	7.1%	N/A
Employee Pension Cont.	5.1%	5.6%	4.5%	N/A



16%

of advisers also received a car allowance

Self Employed Adviser Total Earnings

2014	2013	2012	2011
£84,521	£56,327	£60,533	£52,550

4.1 Financial Advisers
Effects on Earnings

Effects of Gender on Earnings

The table below shows the gender based differential with male advisers earning 28% more than females (the same differential as in 2013)

£82,918
2014

£64,669
2013

£59,604
2014

£46,548
2013

Effects of Qualifications on Earnings

The table below shows that Chartered advisers earn 25% more than those at Level 4. (2013: 23%)

	2014	2013
Level 4 attained	£70,351	£53,206
Chartered or Equiv.	£87,951	£65,286

Chartered Advisers on average earn

25%

than those qualified at Level 4

Effect of status on earnings (1)

The table below shows that in 2014 independent advisers earned 2.2% more than their restricted counterparts and 55.3% more than single tie advisers (in 2013 the gap was 4.4% and 30%)

	2014	2013
Independent	£76,348	£59,488
Restricted	£74,683	£56,989
Single Tie	£49,167	£45,706

Effect of status on earnings (2)

The table below shows that in 2014, directly authorised advisers earned 38% more than network members (25% more in 2013)

	2014	2013
Directly Authorised	£84,042	£61,243
Network Member	£60,216	£48,741

4.1 Financial Advisers

Other Employee Benefits

	2014	2013	2012
Life Cover	69%	83%	92%
PHI	40%	47%	56%
Private Medical	41%	46%	51%
Private Dental	9%	10%	16%
Flexible Benefits	20%	28%	48%
Critical Illness	11%	15%	24%
Subsidised meals	2%	4%	10%
Subsidised training	49%	48%	78%

Advisor Qualifications

The table below shows that 100% of advisers have attained Level 4, as we would expect. It also shows that the majority of advisers (82.5%) have attained Chartered status or intend to do so this year or next. For the 2013 Census, we felt it was that it was perhaps too early to conclude that Chartered will be the new standard – we can now be more definitive – it is the new standard.

QCF Level 4 (or equivalent)	100%
Chartered Status (or equivalent)*	49.1%
Expecting to attain chartered 2015	18.6%
Expecting to attain chartered 2016	14.8%

* (2013 29.5%; 2012:19%)

4.2 Paraplanners
Census Highlights

51% (men) **49%** (women)

32% 2013 | 60% 2012

68% 2013 | 40% 2012

Average Age

37

37 2013

38 2012

59%

Expect income to rise in 2015

Bonuses are calculated by

12.4% Business income

9% KPI

15% Discretionary

Business Income 2013: 9% KPI 2013: 26% Discretionary 2013: 43%

Pension Scheme Membership is

72%

49% 2013

37% 2012

27.6

Average days holiday for 2014

23.5

2013

4.2 Paraplanners
Census Highlights

	2014	2013	2012	2011
Salary Earned	£29,904	£28,429	£28,505	£27,017
Bonus	£3,491	£1,362	£1,968	£2,178
Total Earnings	£33,395	£29,791	£30,553	£29,195
Employer Pension Cont.	4.49%	5.3%	4.4%	N/A
Employee Pension Cont.	2.82%	4.7%	3%	N/A

Other Employer Benefits

	2014	2013	2012
Life Cover	61%	57%	40%
PHI	35%	25%	19%
Private Medical	34%	31%	29%
Private Dental	6%	2%	7%
Flexible Benefits	15%	5%	9%
Critical Illness	12%	8%	6%
Subsidised meals	2%	0%	3%
Subsidised training	47%	42%	4%

4.3 Sales Support/Administration

Census Highlights

51% (men) **49%** (women)

29% 2013 **38%** 2012

71% 2013 **62%** 2012

Average Age

34

38 2013

36 2012

53%

Expect income to rise in 2015

Pension Scheme Membership

66%

82% 2013

68% 2012

Bonuses are calculated by

11%	6%	26%	43%
Business income	Multiple of Salary	KPI	Discretionary

Business Income 2013: 15% Multiple of Salary 2013: 9% KPI 2013: 21% Discretionary 2013: 38%

24.4

Average days holiday for 2014

↓ **25**

2013

4.3 Sales Support/Administration

Census Highlights

	2014	2013	2012	2011
Salary Earned	£24,853	£25,661	£27,456	£25,384
Bonus	£1,960	£3,004	£2,439	£3,282
Total Earnings	£26,813	£28,665	£29,895	£28,666
Employer Pension Cont.	5.14%	4.3%	6.4%	N/A
Employee Pension Cont.	3.2%	4%	3.2%	N/A

Other Employer Benefits

	2014	2013	2012
Life Cover	63%	57%	40%
PHI	17%	25%	19%
Private Medical	34%	31%	29%
Private Dental	23%	2%	7%
Flexible Benefits	23%	5%	9%
Critical Illness	17%	8%	6%
Subsidised meals	6%	0%	3%
Subsidised training	37%	42%	40%

4.4 Employee Benefit Consultants

Census Highlights

76% **24%**

82% 2013 **70%** 2012

18% 2013 **30%** 2012

Bonuses are calculated by

79%	**4%**	**83%**	**86%**
Business income	Multiple of Salary	KPI	Discretionary

Business Income 2013: 15% Multiple of Salary 2013: 21% KPI 2013: 49%
Discretionary 2013: 64%

Average Age

41

42 2013

41 2012

62%

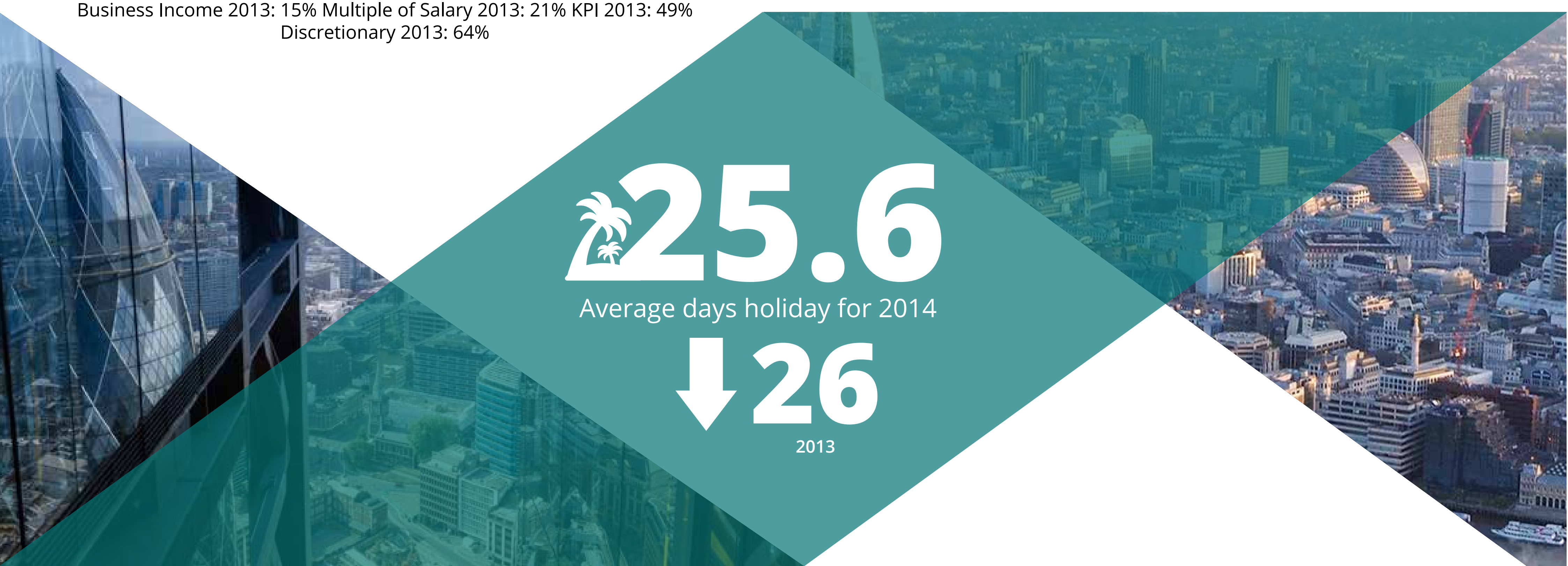
Expect income to rise in 2015

Pension Scheme Membership

90%

94% 2013

95% 2012



25.6

Average days holiday for 2014

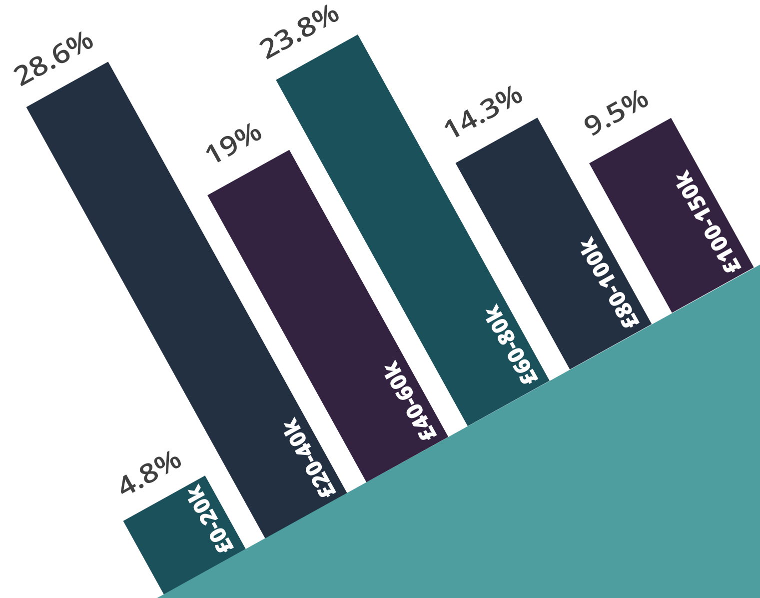
26

2013

4.4 Employee Benefit Consultants

Census Highlights

	2014	2013	2012	2011
Salary Earned	£52,219	£50,018	£54,116	£52,775
Bonus	£25,494	£17,492	£32,979	£26,635
Total Earnings	£77,713	£67,510	£87,095	£79,410
Car Allowance Avg.	£5,525	£5,866	N/A	N/A
Employer Pension Cont.	6.8%	6.6%	8%	N/A
Employee Pension Cont.	4.9%	5%	5%	N/A



20%

Recieved a car allowance

Other Employer Benefits

	2014	2013	2012
Life Cover	95%	91%	95%
PHI	50%	73%	66%
Private Medical	70%	76%	81%
Private Dental	15%	30%	39%
Flexible Benefits	70%	61%	53%
Critical Illness	10%	33%	29%
Subsidised meals	15%	15%	30%
Subsidised training	55%	55%	70%

4.5 Broker Consultants

Census Highlights

85% **15%**

80% 2013 **81%** 2012

20% 2013 **19%** 2012

Bonuses are calculated by

41% Business income

7% Multiple of Salary

78% KPI

32% Discretionary

Business Income 2013: 40% Multiple of Salary 2013: 8% KPI 2013: 76%
Discretionary 2013: 40%

Average Age

42

42 2013

42 2012

50%

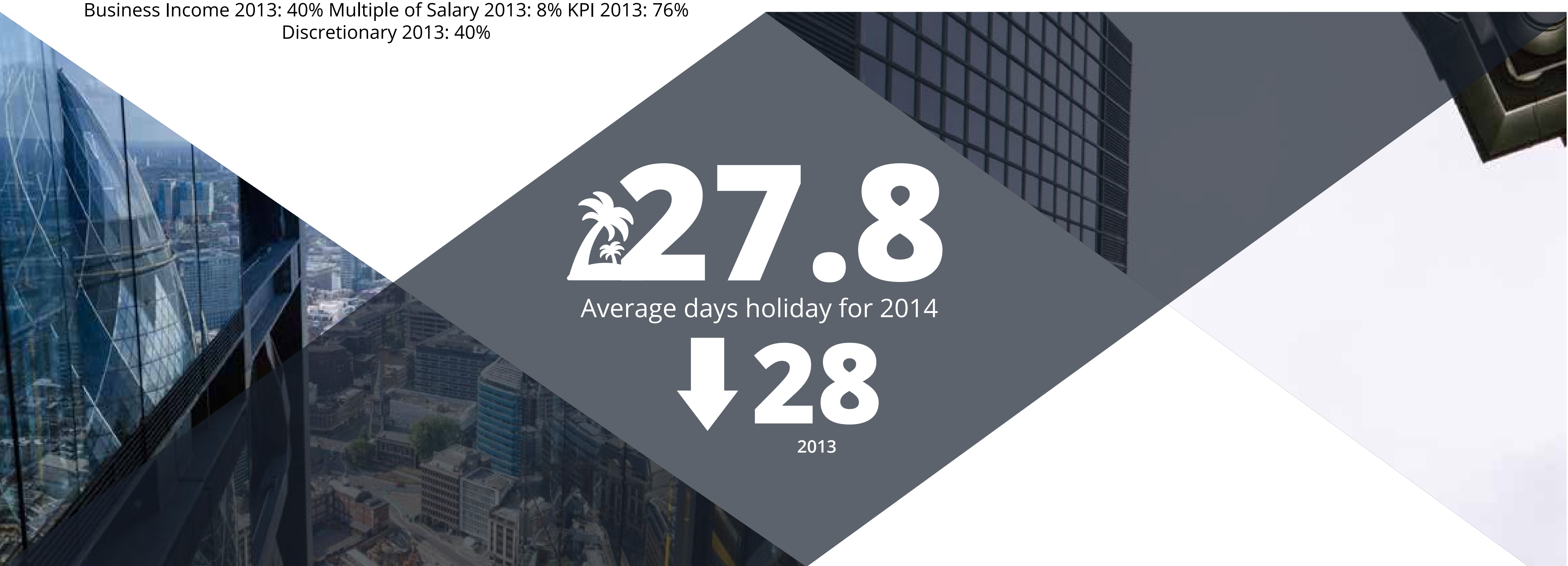
Expect income to rise in 2015

Pension Scheme Membership

93%

92% 2013

95% 2012



27.8

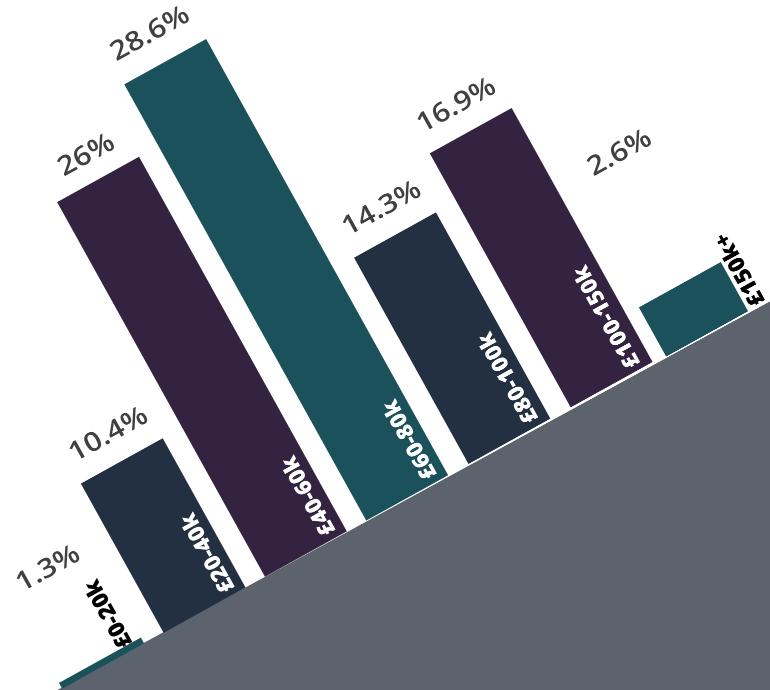
Average days holiday for 2014

28

2013

4.5 Broker Consultants
Census Highlights

	2014	2013	2012	2011
Salary Earned	£47,657	£51,740	£45,168	£44,127
Bonus	£29,459	£35,663	£24,191	£25,833
Total Earnings	£77,116	£87,403	£69,359	£69,960
Car Allowance Avg.	£5,293	£5,741	£5,400	N/A
Employer Pension Cont.	10.13%	10.3%	10.4%	N/A
Employee Pension Cont.	5.51%	7%	5.7%	N/A



53%

also received a car allowance

Other Employer Benefits

	2014	2013	2012
Life Cover	87%	87%	98%
PHI	41%	40%	60%
Private Medical	57%	67%	76%
Private Dental	16%	16%	33%
Flexible Benefits	54%	56%	75%
Critical Illness	21%	27%	32%
Subsidised meals	7%	8%	10%
Subsidised training	50%	54%	78%

4.6 Compliance
Census Highlights

64%
75%
2013

36%
25%
2013

Average Age

40
43
2013

41%
Expect income to rise in 2015

Bonuses are calculated by

7%
Multiple of Salary

19%
KPI

48%
Discretionary

Business Income 2013: 7% Multiple of Salary 2013: 7%
KPI 2013: 27% Discretionary 2013: 53%

Pension Scheme Membership

71%
87%
2013

26
Average days holiday for 2014
26
2013

4.6 Compliance

Census Highlights

	2014	2013
Salary Earned	£47,957	£40,767
Bonus	£5,314	£2,355
Total Earnings	£53,271	£43,122
Car Allowance Avg.	£7,500	£5,367
Employer Pension Cont.	4.57%	5.8%
Employee Pension Cont.	5.73%	4.9%

5%

receive car allowance

Other Employer Benefits

	2014	2013
Life Cover	62%	80%
PHI	24%	20%
Private Medical	29%	47%
Private Dental	0%	13%
Flexible Benefits	29%	27%
Critical Illness	5%	7%
Subsidised meals	8%	7%
Subsidised training	54%	47%

4.7 Employee Benefit Administration

Census Highlights

50% 50%

Average Age

35

19%

Expect income to rise in 2015

Bonuses are calculated by

15%	5%	35%	46%
Business income	Multiple of Salary	KPI	Discretionary

In Company Pension Scheme Membership

89%

24.9

Average days holiday for 2014

4.7 Employee Benefit Administration
Census Highlights

	2014
Salary Earned	£24,983
Bonus	£636
Total Earnings	£25,619
Car Allowance Avg.	£5,300
Employer Pension Cont.	4.39%
Employee Pension Cont.	2.89%

4%

also received a car allowance

Other Employer Benefits

	2014
Life Cover	89%
PHI	31%
Private Medical	54%
Private Dental	19%
Flexible Benefits	50%
Critical Illness	23 %
Subsidised meals	8%
Subsidised training	54%

5.Key Hiring Trends: Financial Advisers

Summary

As predicted, 2014 proved to be a strong and robust year for advisory firms as the mood of confidence continued, buoyed by a strengthening economy and pensions reforms.

The financial planning divisions of discretionary investment management firms are leading the way in terms of activity with many seeking advisers of all levels. The integrated model between investment management and financial planning firms is seen to strengthen the client service proposition and we have seen recruitment hires increase due to business growth.

As our census shows, most employers are accepting the need to 'up their game' by increasing basic salaries to attract the real talent. This is in light of a lack of availability of good people in the market and a reticence of planners to move unless forced through redundancy, takeover or major changes at their current employers. Senior level planners on £75-80k basic salaries are looking for £100K+ to justify the risk of a move.

Whilst some firms have now realised that they need to push their salary ranges and offer sizeable uplifts to extract the best people, employers still looking for solid, experienced planners at £50-60K struggle as these individuals are almost certainly already on that level and looking towards the £75K mark. Roles in this 'middle ground' seem difficult to fill with employers seemingly unwilling to consider young, up-and-comers, yet not paying enough to attract experienced planners. This prompts questions about progression for junior advisers, of which the industry is already suffering a lack.

Chartered and/or CFP status remains high on the wish list of employers as they continue to recruit highly qualified individuals. Large parts of the industry have embraced the need for academic excellence and it continues to be a differentiator when promoting their proposition.

Banks & Building Societies

The Retail divisions within banks and building societies did not see much in the way of growth in 2014.The majority of hires were due to attrition peppered with sporadic recruitment triggered by the end of recruitment embargos previously imposed through internal changes or restructures.

However, 2014 did see the emergence of major changes within job roles and responsibilities as employers opted to combine relationship management with financial planning positions. This resulted in a number of relationship managers becoming qualified to offer regulated advice and financial advisers being asked to take on additional responsibilities of day to day servicing including a number of non-regulated sales activities. It remains to be seen if these changes will work and there are still questions as to whether these changes were driven by employers looking to cut costs or perhaps, offer clients a 'one stop shop' for all their needs.

Predictions for 2015

It has been a busy start to the year and firms seemed to turn their attention to recruitment slightly earlier than the normal post-Christmas break. There are many good opportunities around for quality financial planners, particularly at a senior level. There is also an increased appetite for strong business developers – whilst these types of individuals have always been sort after, it seems this is even more so in the current market.

We also expect to see further consolidation in the market and recent M&A activity is a clear sign of the land grab for assets. Whether this is for advisory firms to build scale, platforms looking to protect assets and grow distribution, 2015 will certainly be another eventful year.

5.Compliance

Summary

Like most other areas within Financial Services, the need for good quality compliance & T&C professionals continues to be high. The evolving regulatory landscape is inescapable with firms needing to adapt quickly to avoid the risk of FCA action. Demand has been particularly high of late with changes to pension transfer rules and the incoming pension freedom reforms beginning to take hold.

Good, marketable candidates with an acute understanding of the advisory landscape remain scarce with most employers accepting the need to increase salaries above normal bandings. Mid-sized advisory firms now offer at least £75k to £100k to attract CF10 individuals and it is common for marketable candidates to have multiple offers if they do move. Outsourced compliance providers remain active with day rates continually improving as the battle for candidates continues.

An alternative source of candidates is to attract compliance professionals from other disciplines such as law and accountancy. Whilst this can be a longer term process, the benefits cannot be ignored in such a competitive market.

5.Paraplanners

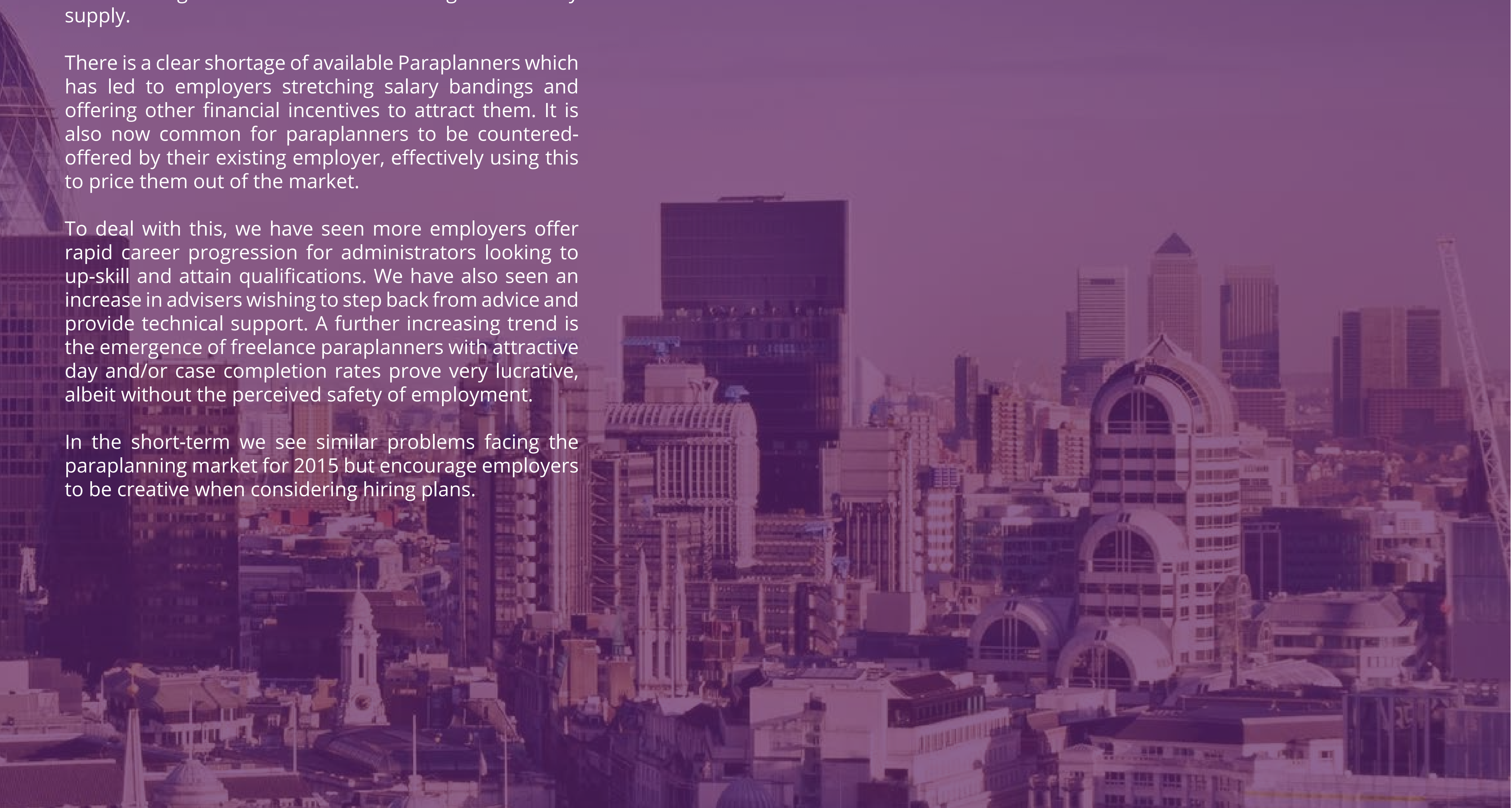
Summary

The significant increase in basic salaries for Paraplanners is a clear sign that demand is not being matched by supply.

There is a clear shortage of available Paraplanners which has led to employers stretching salary bandings and offering other financial incentives to attract them. It is also now common for paraplanners to be countered-offered by their existing employer, effectively using this to price them out of the market.

To deal with this, we have seen more employers offer rapid career progression for administrators looking to up-skill and attain qualifications. We have also seen an increase in advisers wishing to step back from advice and provide technical support. A further increasing trend is the emergence of freelance paraplanners with attractive day and/or case completion rates prove very lucrative, albeit without the perceived safety of employment.

In the short-term we see similar problems facing the paraplanning market for 2015 but encourage employers to be creative when considering hiring plans.



5. Administration/Sales Support

Summary

As the market is beginning to react to the death of paraplanners, our experience from last year saw us receive a stable number of job opportunities. With administrators plugging the gap of available paraplanners, employers are under pressure to recruit – anecdotally, advisers consider improved back office support as one of the three key desirables when moving.

Counter offers, where prospective candidates receive improved terms to stay with their current employer, reached unprecedented levels. It is now common for four out of five job offers to result in a counter offer and this may account for the increase in salaries for 2015.

With a consistent pool of graduates and government backed apprentice schemes, employers can find willing and able candidates keen to enter the market at attractive remuneration levels

5. Employee Benefit Consultants

Summary

Another census, another very eventful year for the world of employee benefits (EB). Once again we have seen further M & A activity in the market; organisations have finally made their conclusive decisions as to whether they wish to remain within the market, or pull out completely. This has condensed an already shrinking market and has created significant staff moves.

Auto Enrolment

Auto Enrolment and the resulting opportunities have naturally been very interesting to watch unfold; smaller EB firms have benefited most where mid-tier firms have not necessarily enjoyed the successes that many predicted. This has been further compounded by a lack of appetite from SMEs for premium AE solutions, leading to a sharp rise in smaller, less corporate outfits.

EBC or Provider?

The seemingly eternal question – 'does the future lie with the EBCs or the Providers?' also continues to rumble on. The charge cap has certainly had an effect on Providers, no doubt a driving factor in their push to build teams dealing directly with clients but also to develop new introducer/intermediary relationships with solicitors and accountants. Since the EBCs require them to bespeak their propositions to client needs (as this is where the EBC adds value), the Providers need to find cost-cutting measures somewhere. The rumour mill is even suggesting some major Providers might pull out of EBC relationships altogether because of such factors, so this area is certainly one to watch!

Communications

The recent pensions reforms are also resulting in an increase in communications, engagement and financial education services for staff of organisations large and small. This has been reflected in an uptake in demand for these skill-sets, which in turn puts into sharp focus the critical importance in pensions in possessing strong technical knowledge with a communicative flair.

What is equally clear is that it is paramount that employee benefit organisations define their market strategy and differentiate their service proposition clearly. Now, as much as ever, it is imperative that EBCs demonstrate how and where they can add value to the client. This has been evidenced by firms investing heavily in their proposition; tools and technology so that they may set up Master Trusts, sharpen their governance processes and develop new platforms.

DC/ Healthcare & Risk

Whereas the DC market and DC investment market are predicted to see further recruitment, the risk and healthcare market are anticipated to remain static. We also foresee that there will be an increase in the number of asset managers operating within the DC space, as this will continue to be the largest area of growth.

A further area of key area of growth is Data Analytics. The large EBC/organisations that already have the technological capability are now also looking at how this can be integrated with the employee benefit and HR/Talent arena. This is another service which can add great value to clients; if the employee benefit organisation already has access to the client data in terms of their workforce then why not offer these services too?

Actuarial

The actuarial market has also seen fairly significant movement over the past 12 months. This has been driven by an increase in work won by the Big 4, with some sharpening their proposition more clearly than others. This in turn has resulted in a small amount of actuarial recruitment within the EBCs to 'back fill' individuals moving to the Big 4, though most requirements within this area are met through the EBCs taking on graduates and 'growing their own'.

The Big 4 also seem to be embracing a change

5. Employee Benefit Consultants

in working culture, with this internal message now firmly percolating outward. Once bastions of long-hours and heavy workloads, they now encourage flexible working - fitted around individuals' personal needs and 'family friendly'.

Executive Compensation

The Exec Comp market continues to grow in tandem with the green shoots seen in the wider economy, with the financial services sector growing particularly quickly. We anticipate this trend to continue, given the pace of regulatory change & novel reward structures coming to market.

I am sure you will agree then, next year promises to be just as tumultuous, with very exciting times ahead!

5. Employee Benefit Administration

Summary

2014 saw numerous changes in the EBC market through mergers and acquisitions with opportunities for experienced and well qualified support staff remaining buoyant.

Towards the latter half of 2014 and the beginning of 2015 we have seen EBCs seeking candidates for ‘Associate’ positions - a role between pure administration and full consultancy. This is appealing to EBCs for a number of reasons: enhanced client service, internal career advancement and lower attrition rates. We expect to continue to see this trend develop throughout 2015 as EBCs continually seek differentiators in a competitive market.

Pension administrators have continued to be in high demand across all levels. The ‘Big 4’ have been winning new clients especially in the DC market and recruitment activity has been consistently high.

5. Broker Consultants

Summary

2014 was another year of change within the broker consultancy market.

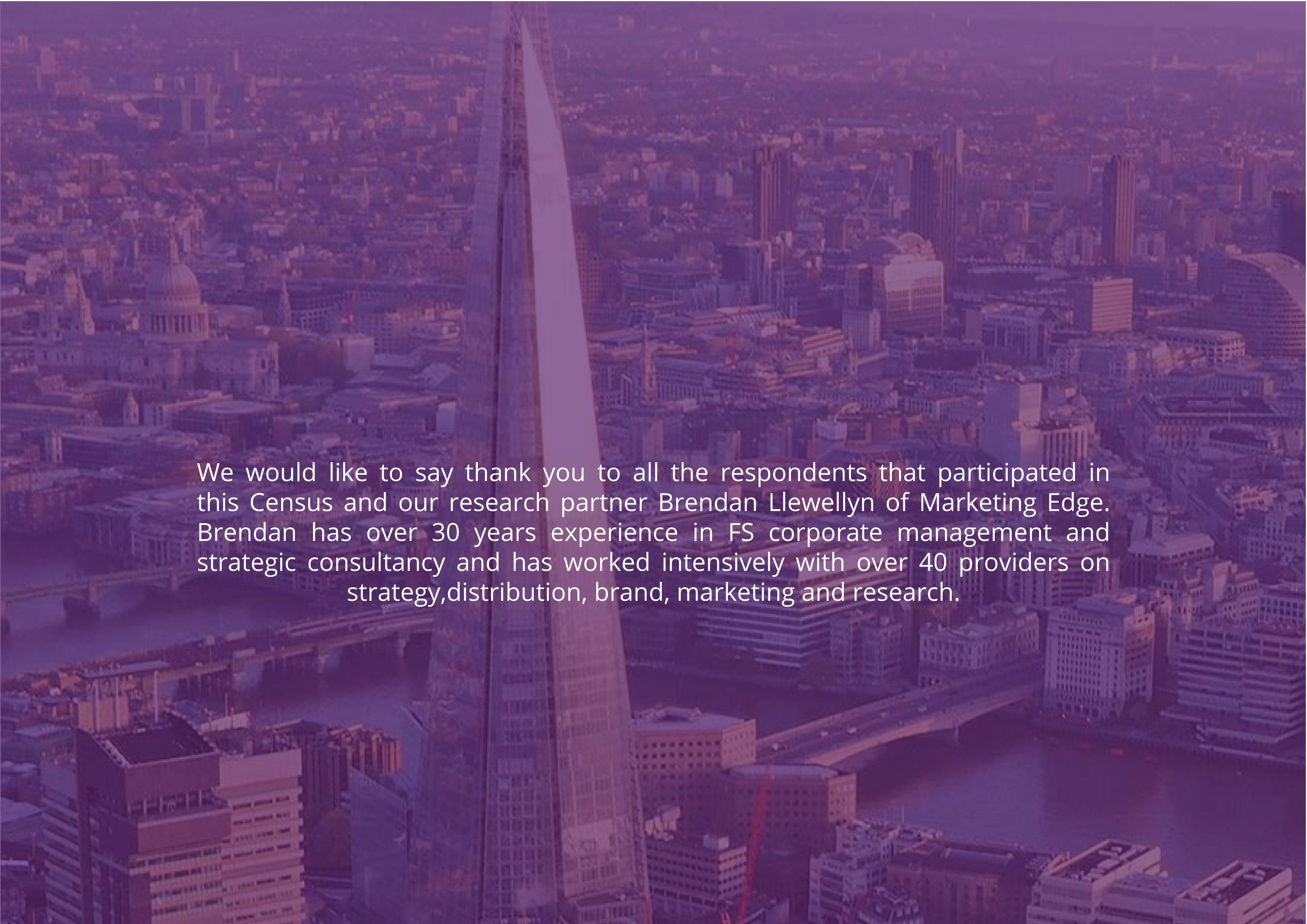
It was surprising to see that basic salaries for Broker Consultants dipped 8% to £47,657 in 2014 from £51,740 in 2013. In the absence of any data suggesting that Broker Consultants had to take a pay cut to explain the change, we can only assume that those individuals who were made redundant in 2013 and 2014 accepted positions on a lower basic salary than they were once on. However, this salary dip has bounced straight back up by an increase of 7% in 2015, returning back to 2013 levels at £51,182.

This increase in basic salary could be explained by, predominately, platform focused life offices increasing their employees' basic salaries (by up to 20% in some instances) to reflect the changes made to the bonus scheme towards a more KPI measured system, as opposed to a pure new business sales. These bonus system changes are largely due to the FCA being more stringent on bonus levels, especially where large financial services organisations are concerned.

61% of respondents in the 2013 survey were proved correct in their assumption that overall bonus earnings would fall in 2014.

Basic salary increases could also be explained by an increase in demand for Broker Consultants from tax mitigation solution businesses, platform distributers and specialist retirement solutions companies who typically pay higher than average basic salaries.

2015 and beyond should see a change within the financial services landscape following on from the pension freedom reforms and this will affect the IFA distribution / provider arena. There will be a considerable amount of new money released as pensioners will access their pension pots early. This will surely create demand for providers to service this new money through financial advisers. However, it remains to be seen whether we will see a significant change in broker consultant numbers. Many providers will be or are already instead looking to explore direct to consumer avenues to take full advantage of the reforms.



We would like to say thank you to all the respondents that participated in this Census and our research partner Brendan Llewellyn of Marketing Edge. Brendan has over 30 years experience in FS corporate management and strategic consultancy and has worked intensively with over 40 providers on strategy,distribution, brand, marketing and research.

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Financial Services Industry

SALARY AND BENEFIT CENSUS

2014 - 2015