

For Immediate Release:

Firms Paying in Excess of 50% to Top Producing Advisors

Special Incentives Significantly Enhance Payout

CHAPEL HILL, NC DECEMBER 2, 2015: Firms are significantly enhancing overall compensation for Advisors that are supporting the firm’s business objectives. That was one of the key findings in this year’s Kehrer Bielan *Annual Advisor Compensation Study*. “We are seeing an additional 3% to 12% added to the Advisors’ grid when they fully avail themselves of the additional incentive opportunities,” commented Peter Bielan, a principal of Kehrer Bielan. “And in most cases, the higher the Advisor’s overall production the greater the additional incentive opportunity,” he added.

Jon Gabriel, another principal of the firm, pointed out that over the past two years firms have been paying lower producing Advisors less, and using the savings to fund incremental income for special incentives. “This is the largest effective compensation differential we have seen in the rate that a lower producing Advisor, with around \$250,000 in production, earns compared to higher producing Advisors, with production around \$750,000. Firms are reallocating the savings from paying low-end producers less to rewarding those doing the most business and doing it the way the firm desires.”

Dr. Kenneth Kehrer, another principal of the firm, added that the study isolated five special incentives that firms use to reward Advisors in addition to production. “Incentive plans may have a couple of special incentives, but there is clearly one where the firm is making its largest bet, be it advisory business, financial planning or accomplishment of particular goals. An Advisor taking advantage of the special incentive can increase earnings from below market average to above market average,” he noted. “And in most cases these objectives are good long-term strategies that serve the client, Advisor and firm well.”

The study details 46 unique compensation plans from 30 of the largest banks with the most Advisors. Some of the primary topics covered in the study are:

- The production period (six month, twelve month, year to date or monthly) that firms use when calculating the Advisor’s incentive

- The grid and actual compensation levels earned by Advisors based on their role— Branch Advisor, Senior Advisor, or Advisor who works independently from branch referrals
- The incremental amounts paid to advisors for meeting special incentives
- The ways that firms are using incentives to better tie their Advisors to the firm
- An analysis of three alternative compensation plans that do not pay commissions on production

The study is a comprehensive analysis of Advisor incentive plans supplemented with a table detailing specifics of the 46 participating plans. The study is available upon request.

About Kehrer Bielan Research & Consulting. KBR&C provides the financial advice industry with insights based on a melding of research and experience in managing the delivery of investment, insurance, and wealth management services. The firm provides performance assessment and benchmarking, human resource management and development, due diligence, consumer insights, and interpretation of industry trends through its original research, unbiased consulting, and peer study groups.

Please visit us at www.KehrerBielan.com or e-mail info@kehrerbielan.com for more information.