



Intern/Resident

Anyone considering entering the financial planning profession should explore an internship opportunity to gain a better understanding of what a financial planner does each day and how a financial planning firm serves its clients. This will assist in reinforcing the decision to pursue a career in financial planning. An ideal internship should provide you with the chance to sit in and observe multiple client meetings, input, and manipulate data in software programs, review investment portfolios, observe securities trades, and review estate and insurance documents.

- **Skills required:** None
- **Base Pay range:** \$0 – \$20/hr.
- **Estimated Time to Complete:** Most internships are 2-3 months in length, but can vary in tenure dependent on firm needs. There are a fair number of firms offering longer internships, usually called Residencies, and can be up to three years in length to simulate what someone entering the medical profession would complete.

Associate Planner

Some entrants can be hired directly into this role where the primary focus is to create additional capacity to serve a larger number and/or higher net worth clients by relieving the Lead and Senior Planners of their non client facing/advisory tasks. This can range from administrative work such as preparing paperwork to establish client accounts, following up with strategic alliances (accountants, attorneys, mortgage brokers, etc.) to leading a client discovery/data gathering meeting, and especially financial plan creation. Sometimes this role is referred to as '2nd chair' due to its supportive nature, but the core of this position is Technical Mastery of financial planning topics such as estate, tax, insurance, investments, etc.

- **Skills required:** Previous internship/residency, CFP coursework completed and/or some work experience.
- **Base Pay range:** \$50k - \$70k per year
- **Estimated Time to Achieve:** 0-5 years

Lead Planner

This role is responsible for the delivery of most of the multidisciplinary financial advice within a financial planning firm. Sometimes this role is referred to as '1st chair' since this role has primary responsibility for managing the entire client relationship and ensuring all technical financial planning and service items are delivered upon. The core of this position is Relationship Management.

- **Skills required:** Previous Associate Planner experience, CFP Certification and/or ability to answer 90% of client questions effectively in a synchronous environment.
- **Base Pay range:** \$70k – \$105k per year
- **Estimated Time to Achieve:** 5+ years

Senior Financial Planner

This position begins to shift away from the core responsibility of 'just' providing advice and managing client relationships, to an increased focus on business development and growing the firm (and may begin to entail some leadership roles as well). Mentoring and managing the newer team members to increase capabilities of the firm, while ensuring a consistent client experience, is often a supporting directive in this role (in addition to client relationship and business development duties). A time outlay could look something similar to 50% managing client relationships, 25% mentoring and managing, and 25% business development.

- **Skills required:** Previous Lead Planner experience, CFP certification and/or other advanced education (MBA, MS) or professional certification (CPA, EA, CFA, ChFC, etc.) Demonstrated ability to generate direct revenue for the firm through business development activities.
- **Base Pay range:** \$110k- \$185k per year
- **Estimated Time to Achieve:** 10+ years

Partner

Senior level role with substantial leadership responsibilities while continuing to work actively as a financial planner and managing client relationships. Although the Managing Partner, would be mostly responsible for developing the vision for the firm and delegating to the appropriate team members to carry out the vision, practicing partners of the firm contribute to this area as well. Depending on the structure of the firm, a time breakout could look similar to 30% business development, 30% managing the firm, 30% managing client relationships, and 10% vision casting.

- **Skills required:** Previous Senior Planner experience, CFP certification and/or other advanced education (MBA, MS) or professional certification (CPA, EA, CFA, ChFC, etc.) Demonstrated ability to generate direct revenue for the firm through business development activities and proven leadership and management expertise.
- **Base Pay range:** \$180k- \$300k per year, plus ownership distributions based on profitability of the firm. Sample calculation below.
- **Estimated Time to Achieve:** 10+ years

Earning potential as 50/50 partner in a financial planning firm generating 1 million in revenue per year with a 33% net profit margin with 200 clients, two administrative professionals, and two Associate Planners, and no reinvestment of profits.

\$1,000,000 Gross Revenue

\$333,333 Direct Expenses (Partner 1 & Partner 2 salaries)

\$333,333 Indirect Expenses (2 Associate Planners & 2 Admins, plus rent, technology, etc.)

\$333,333 Net Profit

Partner 1: $(\$333,333 \text{ direct expense}/2) = \$166,666 + (333,333 \text{ profit margin}/2) = \$333,333 \text{ total income}$

Partner 2: $(\$333,333 \text{ direct expense}/2) = \$166,666 + (333,333 \text{ profit margin}/2) = \$333,333 \text{ total income}^i$

ⁱ 1st quartile to 3rd quartile salary ranges from Investment News 2019 Adviser Compensation & Staffing and Compensation Study combined with New Planner Recruiting internal placement data.ⁱ