Special Episode: Compensation Data Points with Caleb Brown and Jesse Lineberry

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New Planner Podcast **with Caleb Brown**

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Welcome to the *New Planner Podcast*, where it's all about helping you successfully enter the financial planning profession and accelerate your financial planning career.

This podcast will help you understand the profession, become familiar with the various career paths available to you, and avoid the mistakes that limit your success.

Join your host, Caleb Brown, to explore the human side of creating a successful planning career through interviews, personal experience, and insights from the trenches.

Let's get started.

Caleb Brown: Hi, everyone. Caleb Brown here. Welcome to the *New Planner Podcast*. This is always fun for me, so I'm joined by Jesse Lineberry, one of our team members who helps us with the salary report. So Jesse, welcome to the show, and I look forward to chatting a little bit more about what we found this year.

Jesse Lineberry: Thank you for having me once again. This is always one of the highlights of the year to talk about our profession and all the exciting things that are happening in it.

Caleb Brown: So fun, and we get asked about this all the time, and I'm glad that it seems to be helping at least a few folks out there. But maybe if you would, just start with sort of how we do it, the salary report, because there's other salary and comp resources out there, and we always encourage everybody to look at Schwab, look at Investment News, look at the CFP Board, look at all these other resources. But maybe just start with how ours is, when we collect the data, how it's different, and then we can just kind of back into some of the highlights on the findings.

Jesse Lineberry: Yeah, I think that's a great place to start. And like Caleb, I think all of those studies are fantastic. What's unique about the New Planner Recruiting Salary Survey is these are candidates that you are talking to, and you're having a conversation about their career, about their aspirations, and part of that conversation is to say, "Hey, what would it take? What is the salary number you are looking for in order to make a change?" And that's really the number that you as a firm owner are interested in, because that's the number that it takes to continue to grow your team, right? And so over the last year, you talked to 327 advisors, and these are people that kind of range from that 0 to 7 to 10 years of experience, and most of those folks are wanting to come into the registered investment advisor space, right? And that's who your client base is and who I work with mostly here at Virginia Tech, and so that's what makes this salary survey especially relevant.

Caleb Brown: Yeah, and also on the student side too. I mean—

Jesse Lineberry: Right.

Caleb Brown: —hey, what's it gonna take for you to be excited about accepting a job wherever they're looking, okay? Whereas the other reports, it's sending out a survey request, or a questionnaire asking the firm owner what they pay their people, which is a good data point, but what if that person's looking at leaving because they're not feeling like they're paid enough, and they're contacting me? So that's why we just wanted everybody to kinda understand how it's a little bit, a little bit different. So do you wanna start, just dive in and kinda see sort of what we came up with, the numbers came back with this year?

Jesse Lineberry: Yeah, of course. And so I think the data just continues to tell a story that we've been talking about since we started this in 2021, and that is that student salaries, paraplanner salaries continue to increase roughly at the rate of inflation. So if you look at a CAGR over the last five years for students, that's increased roughly around 2% annualized, so slightly below inflation. We'll talk about that number a bit more. Paraplanners around 4%, associate financial planners have grown slightly faster at 5%, but the big story, and I think where we're gonna spend a bunch of our time today, is just the increased growth in financial planner salaries. So those people with more than five years of experience, that's somebody that's attained the CFP designation and is gonna be client-facing, whether that's service advisor, and we can dive into the titles here. But when we started this survey in 2021, the average asking price, if you will, for a financial planner was $91,000. Today, it's 138, right? And over that same period, associate advisors went from 76 to just over 100. So when we talk about things on a percentage basis, the story is that people with comma CFP after their name that have the experience and the capability of serving clients continue to demand a premium in the marketplace.

Caleb Brown: Yeah, I mean, really hard or almost impossible to get those people for under six figures. I mean, that was kinda my takeaway, and that's what we see in a lot of the offers that were accepted that we also included in the report that we'll talk about a little bit later.

Jesse Lineberry: Yes, and kinda breaking this down geographically, I think the other exciting part, we've spent a lot of time over the last five or six years talking about the geographic demands in financial planning and how that's continued to shift as population has continued to shift across the country. But we're seeing kind of somewhere between that 1 and 4% for the Midwest, Northeast. Pacific has been pretty flat; it was actually down year over year last year, and we can talk about why that is if you'd like. Plains area grew 14% year over year, which was a big jump. But looking at that CAGR, right, that annualized number, we're seeing those areas kinda grow right around inflation. The Southeast, though, we've continued to see this annualized growth that's double everything else roughly, right? So the average salary in 2021 in the Southeast was $67,000. That was the lowest of any geographic region at the time. Now it's the highest. And we have a lot of different theories, and Caleb, you and I talk about this all the time and why we think that is. We both live in the Southeast, in the Mid-Atlantic area, so we see this growth. I think part of it is the number of people moving here is retirees, right? There's more and more demand in the Southeast for financial planning. I think SmartAsset put together a really cool study where they looked at CFPs per capita, CFPs per state. If you look at CFPs per state, the only Southeastern state there is North Carolina that even falls in the top 20. When you look at CFPs per capita, we've only got two states in the top 10, and that'd be Florida and North Carolina. So the shortage of CFPs in the area, increasing number of clients, you're gonna have increasing salaries in those places.

Caleb Brown: But what's the takeaway from the candidates that are listening? Like, should I move to the Southeast?

Jesse Lineberry: Well—

Caleb Brown: Is—

Jesse Lineberry: —that what you're saying? That's not necessarily what we're saying, because you know these things, markets tend to equilibrate, right? And I think we're just seeing a correction here. Caleb, you and I talk about this all the time. If you wanna be in California, there's a lot of demand for CFPs in California. Sure. There's a lot of demand in the Midwest. You've seen, if you kinda look at housing prices as almost like a precursor to where there's gonna be financial planning demand, you see this kinda moving into the Midwest, and I think we're probably gonna see a resurgence like this come about in the Midwest as well. I think, and we can really dive into the data here if you want to, but you know, one of the things you have to keep in mind, too, is where are the biggest CFP programs? Because that's a place where you're kinda seeing this kinda evergreen supply of new talent coming, and you see a lot of those in the Southeast, in the Plains area, and in the Midwest, right?

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Caleb Brown: And let's talk about that further for a little minute, honey, 'cause I know we were debating on another call a few weeks ago about is AI, like, I mean, is it impacting entry-level hiring? And I mean, we were kind of going back and forth, and I know that here at Georgia and I believe there where you are at Virginia Tech, I mean, there's still firms lined up at the door to try to get brand-new college grads. Is that what you're seeing still?

Jesse Lineberry: Yeah, that's what we're seeing also. I mean, the demand for our students continues to grow. Now intuitively, I use Claude and ChatGPT and these AI tools too, and we're well aware of what they're capable of. And I think in the future maybe we do see some slowing of demand there, but we're just facing such a talent deficit in our profession that I don't think AI's gonna be able to close that gap in the context of people retiring, kind of the succession planning crisis that we're already having in the profession. I don't see that happening. Now, you and I also, when we were having that conversation, were both in agreement that where we see the pressure coming in the future is probably displacement from areas that are more heavily affected by AI. Sure. So people leaving asset management, audit accounting, the technology space, I think we're gonna get an influx of talent. My sense is that's probably gonna impact... That competition's gonna fall more at the associate planner level because these are people that are coming in with some professional experience, and they'll probably knock out the CFP before they start. So I think we'll continue to see growth at the student space, but I think we're gonna see an increase in students and career changers with an interest in financial planning because we're one of the places that still has jobs.

Caleb Brown: A lot of government people, and maybe that's not—yeah. I mean, that's what I'm seeing here at the firm. Like maybe, and that's not AI, that could be like a current administration holdover. But I mean, yes. You said something of talent de—I mean, I'm in a little, I have a little different take. I'm a little different seat here. I mean, I just feel like I have... that's one of the things that I don't like about my job, right? I come in every day and I have all these people reaching out to me, and they all could be really good, and a lot of them are from the military, from government, some of them have music backgrounds, some of them have liberal arts backgrounds, and they wanna do this job. And firms won't take a chance on them, and it just, man, I just, I'm like, "Oh," I just, it's like, you need to go get your CFP and go work somewhere for a couple years first, and then we'll take a chance on you. So it just, anything, I mean, anything there, any thoughts there on could that be impacting some of these numbers salary-wise?

Jesse Lineberry: Yeah, I think that's a really good point, and we've been talking about this for a long time. I mean, during COVID, during the Great Resignation, I mean, we were having conversations every day, and you still are, with people that wanna get in this profession. And I think that's maybe a challenge to us all, is how do we continue to get better at developing people? And we're in this really unique predicament as a profession where what we do is really important and accuracy is important, and we have to do this at a high level because we're stewarding people's wealth, but we have to find ways to fill these seats to make sure that our clients are taken care of for the next 5, 10, 50 years, for generations to come. So I don't think I have the right answer. I wish I did, but I think it's a fight that we're all gonna have to be engaged in.

Caleb Brown: We talked a little about the geography component. Let's move to the, maybe the firm type and size. I mean, what did we see this year from large, small, mid firm, non-RIA stuff? What came out there?

Jesse Lineberry: Yeah. So when we look at this on a CAGR, kind of on an annualized basis, large RIA salaries have grown roughly with inflation, at least that's what we've seen. Now, the year over year change was down slightly, so negative 1%. There may be some selection bias in there, just who did we talk to this year. Mid-size RIAs, we saw a big jump, a significant jump of 25%, and we're looking at a CAGR of 8%. Small RIAs, we saw a jump of 10%, then non-RIA institutions, we saw a jump of 19%. And Caleb, this is something that you and I have talked about for a long time, is that, one of the things that we sort of preached, so to speak, is that there are a lot of really talented people at non-RIA institutions that are willing to take pay cuts to come into our space. And you say it all the time when you speak, there's a reason when I'm on Citywire that people are leaving broker-dealers to create RIAs. That's because, or to create a hybrid RIA or two—

Caleb Brown: Or other channels.

Jesse Lineberry: Or other channels. Yeah, that's right. Yeah. That's right. Wirehouses, whatever it might be, is that this is the direction our profession is going, and we see candidates that are willing to take a step to do that.

Caleb Brown: Got it. Why the big increase in the midsize RIAs? Is it the midsize RIAs just gearing up, I mean, just trying to gear up? Maybe the large are not trying to grow as... I mean, what do you think's going on there? Positioning for growth or something?

Jesse Lineberry: I think we probably need another year or two of data. Part of that could be private equity's entrance, right? And I think there could be some flattening of salaries at some of the larger firms. The midsize, I think one of the interesting stories for midsize and small RIAs, and we can jump into some of the high earners that we evaluated this year, I think, after this. But it's hard to tell sometimes when you look at the data, did someone that's in a high-earning position, are they wanting to leave because they want another opportunity, or is it a failed succession plan? And maybe that's where we go next, Caleb, is one of the things we wanted to look at this year was let's take the top 50 earners that you talked to last year, and let's say, where are they coming from? So where are... These are the people with more than five years of experience. They're a CFP, they're a service advisor, lead advisor. Why is it that they want to leave their firm, and where are they leaving from? And so when we looked at the top 50 earners, the asset management space, dual RIAs were a big portion of the people—

Caleb Brown: Larger RIAs.

Jesse Lineberry: —that wanted to leave. Yep. Yep, yep. The larger RIAs wanted out of there. We did see an increase, too, in small RIAs, right? So the number of high earners that wanted to leave a small RIA. And at first I thought, man, this might be something we should be alarmed about, but I think the more we think about it and the more we talked about it, and we looked at the notes and maybe who we talked to, it's pretty clear that those are people that are leaving because of a failed succession plan, because a succession plan maybe went differently than they expected, or the firm was sold to a private equity firm and now they need to move somewhere else. So I don't want any readers to look at that and go, "Wow, people want out of the small RIA space." I don't think that's really what the—that's not the story that the data is telling us here.

Caleb Brown: Okay. It's interesting on the asset management. I mean, is that... You'd think, I mean, if they're not doing fee compression, but they're still paid, they're highly paid. I mean, it seems like based on this data set here, even maybe more than some of the RIAs. And I run into that a lot, too. I'll get somebody in New York, San Francisco, these people at these investment management firms, I mean, crazy salaries, and a lot of times we can't get the numbers to work. We can't consider them for some of these RIAs that are gonna pay less.

Jesse Lineberry: Yeah, and I think that goes back to the AI story, and we've been talking about this for the duration of the survey, that we see movement kind of out of the CFA, asset management space. People wanna come over to wealth management and do financial planning, right? Some of it is, "Hey, I just see that's where our world is going." Part of it is fee compression. I think the AI story is only gonna accelerate that.

Certainly, a lot of the tools can really help automate a lot of the trading piece and some of the security valuation processes that dominated that space for the last 50 years. And I think some of it is, and we talk to people all the time that say, "Look, I don't think I wanna do this anymore. It's more of a rat race. It's a little less personal, and I wanna develop relationships with clients, and I wanna serve people in a way that I feel is more impactful and more meaningful." And I think that's... it's a combination of those things that's driving that story of people leaving asset management.

Caleb Brown: Yeah, and we've included, I mean, just to kind of put a bow on this, we've included some of the ranges here in the report. But so it looks like students were... So this is nationwide sort of average, 50 to 80K is where the students are coming in. Okay, that makes sense to me. Paraplanners, so someone with a little bit more experience, 45 up to 150K. That 150 seemed a little high for a paraplanner, and maybe was that an outlier, or any thoughts on what kind of jacked that up?

Jesse Lineberry: Yeah, I think that's an outlier, and I think that's one of the cool things about our survey is that you're on the phone with these folks—

Caleb Brown: Yeah.

Jesse Lineberry: —so when someone asks a question like that or throws forth a number like that, we can say, "Hey, you can ask for that, but the market's not gonna pay you that."

Caleb Brown: You're not getting it. That's right, you're not gonna get it.

Jesse Lineberry: So we'll put down the number that you tell us, but that's an outlier, and that's certainly the case here.

Caleb Brown: Associate advisor, anywhere from 60 to 180K. Lead advisor, 72 to 250K. And again, I think, I mean, some of this is every firm calls their people something different.

Jesse Lineberry: Right.

Caleb Brown: So us trying to group people all in and it's, a lot of times it's not apples to apples. Pacific Region made sense, had the highest expected average salary for students at almost 68,000, and I mean, that makes sense. I mean, I'm just thinking a lot of my Georgia students and a lot of the people we've placed, some of these students, I mean 60... I think maybe 70, 75. We had some people... I feel like that just continues to sort of go up, and a lot of that maybe is driven because some of these asset management firms outside the RIAs are coming in and offering this, and the RIAs, like here in Atlanta or whatever, know what these asset managers are paying and be competitive, and that's... You know, they're having to pay more than they normally would just 'cause the competition for that top 10% of students that are graduating.

Jesse Lineberry: Yeah, and I would, to add to that, our salary ranges last year, we saw everything from low 60s, high 50s, to we had a couple of students get six-figure offers out of the program to go to New York or Washington, DC, to work in sort of the private bank world. So one of the things for all of our RIA friends to hear is that as the private banks, family offices, and multifamily offices get more interested in our programs, they're willing to really pay. Yes. And it's hard for me to convince a student to take a 50% pay cut to come. So that top, and I would say even 5% of students that might go there, the asset management firms, to your point, come in and make those kind of 70 to $80,000 offers. So know that we're all doing the best we can to convince students what we think the best 20-year outcome is. But yeah, that's a tough thing for all of us to crack.

Caleb Brown: I mean, I just had an Atlanta RIA tell me yesterday when I was asking him, like, "What differentiates your firm from these other Atlanta RIAs?" and basically they came back and said, "Well, we're just gonna pay more than everybody else."

Jesse Lineberry: Yeah.

Caleb Brown: We've built that in the budget... We're just... We're gonna go way above what the normal comp is to get the right person. So I think that's, again, what we're seeing a lot of this... I mean, it makes sense, especially on the experienced people, but—

Jesse Lineberry: Right...

Caleb Brown: —you're starting to see it on the less experienced folks as well.

Jesse Lineberry: Yes, sir.

Caleb Brown: A couple... I mean, we have some accepted offers. We've kind of already been talking about this. I mean, the Southeast, we placed a couple of experienced people, a 9- and 10-year person. They were all about 125, 120,000 in salary, and just on this, I mean, a lot of times we get the offer letter or we help prepare, but sometimes we don't have all the other benefits, so we're just trying to keep it to the salary. Northeast, we had a couple placements. New college grad was about 62, 63,000;

experienced advisor, again 100, 130K, somebody who had five years of experience. We also in the Northeast had a new college grad, back to your point about some of your students. This wasn't an RIA, but took a $75,000 starting salary.

Jesse Lineberry: Yes.

Caleb Brown: Pacific, new college grad, 62,500. That was kind of a popular number, 62.5. There was another Plains, so flyover country, associate advisor in flyover country, so not a lot of high cost of living areas there. This is interesting: $120,000 salary, somebody with three years of experience. Okay, something to look at. Any thoughts there on maybe what happened there?

Jesse Lineberry: Well, I think again, part of this story, and I say this somewhat in jest, hopefully you all laugh at this, but 1% of $500 million creates the same revenue in California as it does flyover, as it does the Southeast. Right. So you know what? Our friends in the Southeast and the Midwest flyover region, you guys actually have a distinct advantage here in that you're capable of creating similar revenue with far lower cost, taxes, all the things. And I think that's one of the reasons we're seeing that compensation really catch up in flyover country in the Southeast.

Caleb Brown: Experienced advisor, six years of experience, 135,000 salary. I had a couple of offers that were negotiated, and we have... I'm not gonna go through every one of them, but couple of new college grads. I think these were in the DC area. Minor adjustments: somebody offered 60K, they negotiated up to about 63. Then I think there was some stair-stepping: they had to pass the Series 65, and there was another bump. So they just came in and negotiated a little bit. Somebody negotiated a relocation stipend, which you typically don't see for an entry-level college grad, newer person. That's typically more associated with a highly experienced person. We had somebody in the Northeast, large RIA offered a career changer with one year of experience. Okay, this is interesting: 80K plus a $10,000 bonus. The candidate came back successfully and got 90,000 and a $15,000 bonus. Okay, so that was a one-year experience. I think that was in the New York area, or might have been Boston. Okay, here's another one: career changer, no experience, offered 75K, increasing to 80K after passing the Series 65, but the candidate basically just stair-stepped. It said, "Let me start at 80, and then when I pass the Series 65, 85,000." Okay, so we don't have a lot of rejected offers, but here's a couple. I mean, these were some small RIA, CFP professional, nine years of experience. They offered him $125,000 base with the opportunity to earn up to 215,000 in a salary if they have a full book of 60 clients. And then there was a small bonus for any new clients that they brought on, and that offer was rejected. No negotiation, nothing there. Plains area CPA, okay, this is an interesting candidate, right? CPA who passed the CFP exam with two years at an RIA, 115,000 base plus a 10% bonus, plus a 20% of any financial planning fee gross revenue for any plans that they did. They rejected that, no negotiation, and I think they took another offer that was better, if I remember correctly. So we don't have a lot of rejected offers, and that's something that you and I were talking about earlier, and I'm proud of that. I mean, I feel like that's one of the benefits that we can provide, and we see a lot of that when firms have tried to do it on their own and then come to us like, "Hey, we just had an offer rejected. Can you help us?" And getting these people to reveal and lay their chips out and coming in with a strong offer, a lot of times can eliminate this. I wish I could say 100% of the time, if you do this, it'll eliminate an offer getting rejected. But I feel like coming in strong, knowing what the candidate... sometimes they say something, but really, like what are they really looking for? Maybe they just said that to get the interview. So there's a lot there in the offer negotiation stage, which over the last year, I was really proud of the work, some of the work we were able to do to help bring these people together, that sometimes can be on two separate pages.

Jesse Lineberry: Probably even beyond the comp piece, some of this is probably helping with culture alignment. Would you agree? Maybe speak to that too.

Caleb Brown: Yeah, I mean, again, you said it earlier, some of these people are willing to... I mean, we just showed you all the negotiations, and I mean, they were negotiating up obviously. But some people, especially from other channels, like, "I want to be in a better... call 'em a planning-centric culture," other people in RIAs. And I've been doing this long enough now to know in all the major metropolitan areas we recruit in, who has the good culture and who doesn't. So it's like, "Caleb, I'm willing to take a little bit less. I still wanna be paid what I feel I'm worth, and I prefer not to have a lateral move, but I'm okay with it as long as the culture is there, okay, and the future growth is there." And what I say all the time too is especially with the career changers, and anybody else listening that's working as an employee—I know we have firm owners listening too—but the amount of money that you can make in this profession is astronomical. So when people start getting upset about $1,200 off, it means like, guys, this is what I try to, especially to career changers, you can make tons of money in this field. If that's your goal and that's what you want, just have a little patience.

Jesse Lineberry: Maybe let me put you on the spot and ask you a fastball here. How many of the candidates that call you wanna make a change because of compensation versus some other factor, career track, culture, et cetera, if we were just ballparking it?

Caleb Brown: Yeah. I would just roughly say a third probably call for some compensation stuff. However, so this is kind of a two-part answer. Once I start digging around, I find out it's usually something else, and the comp is what they anchor onto. Then they start looking around like, "Well, maybe I'm not compensated very fairly," 'cause they're feeling something else. So, and not always that way, 'cause sometimes people just call me and I'm like—and I said this just the other day—like, "I am so sorry. I am feeling horrible. You are not being treated fairly. I am ticked off right now. Let me just, I'm about to go on mute for a minute, and I'll be right back with you." Because some of these people truly are not getting what they should be getting. So there is that component, but I would say that 33%, a lot of those people, it's stemming from something else.

Jesse Lineberry: Great.

Caleb Brown: Well, Jesse, all good stuff, man. Love having you on. I hope this was helpful for everybody. We've covered a lot of ground. Any final comments or anything from the data that we haven't touched on already?

Jesse Lineberry: I don't think so, but to all the listeners, please let us know what you would like to see, right? Is this data clear, or is there more that you would like for us to ask or gather? How else can we better serve you? Because we're here to help, and we're grateful for everything that you do to continue to build the profession and make space for the next generation of financial planners.

Caleb Brown: Thanks so much for coming on, Jesse. Always a lot of fun with you.

Jesse Lineberry: Thank you, Caleb.

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