

# BONUSES BACK ON THE TABLE

*In 2008, Australia's financial services sector was in a state of flux. The GFC had resulted in frozen salaries and the disappearance of bonuses, with those in gainful employment considered the lucky ones. Three years later, the fog has lifted and a renewed level of positivity has emerged, with bonuses back on the negotiation table and employers exploring new incentives to keep the top performers.*

**KATE KACHOR** reports.

Last year, a collective sigh of relief could be heard across Australia's financial services industry. The fallout from the global financial crisis (GFC) had finally subsided, with businesses at all levels shifting into recovery mode with salaries experiencing a slight uptick.

Today, stability is the new order with pay levels across the industry remaining calm and steady and bonuses reappearing,

although some businesses are scrambling to offer further incentives and bonuses to counteract cashed-up segments of the market from poaching high performers, the 2011 IFA/Financial Recruitment Group Salary Survey for the 12 months to May found.

In terms of financial planning salaries, ranges for both bank-based planners and non-bank-based planners remained steady.

Salary levels for bank-based financial

advisers remained at 2010 levels at \$65,000 to \$90,000 in Sydney, Melbourne, Brisbane, Adelaide, Canberra and Perth.

Salaries for non-bank-based planners also stayed level, with advisers based in Sydney, Melbourne and Brisbane unchanged at \$80,000 to \$120,000.

Advisers based in Adelaide, Canberra and Perth also experienced unchanged salary levels of \$65,000 to \$85,000, \$62,000 to \$83,000 and \$85,000 to \$110,000, respectively.

Senior financial planners within the banking channel experienced a slight increase in pay for 2011 compared to 2010.

In Sydney and Melbourne, pay ranges at the high end for senior planners increased by \$5000 from \$80,000 to \$150,000 in 2010 to \$80,000 to \$155,000 this year, the survey found.

Salaries for Brisbane, Adelaide, Canberra and Perth were unaltered from 2010 figures at \$80,000 to \$140,000 across the board.

Pay figures for senior planners outside of the banking channel remained the same as the 2010 figures nationally.

Paraplanner remuneration changed slightly this year with drops at both the low and high levels for junior paraplanners (those with less than three years' experience) and senior paraplanners (those with more than three years' experience).

In Sydney, salaries for junior paraplanners increased at the high end by \$5000 to \$85,000.

The increase from \$55,000 to \$85,000 from last year's \$55,000 to \$80,000 was the only increase for junior paraplanners, the survey found.

Sydney-based senior paraplanners also experienced a change in salary in the past 12 months, with the survey revealing a \$5000 drop at the low end of the pay ranges.

Unlike 2010, where the figure for Sydney-based senior paraplanners was \$80,000 to \$90,000, the survey found this year the figure stands at \$75,000 to \$95,000.

No other salary changes were recorded for senior paraplanners this year.

In terms of licensee salary, this year the survey found general managers earned \$230,000 to \$450,000, a figure unchanged from the 2010 results.



Photography: iStockPhoto

Remuneration levels for state managers and regional practice development managers also remained at 2010 levels at \$180,000 to \$250,000 and \$160,000 to \$220,000 respectively.

Practice development managers experienced a \$10,000 increase at the high end of the range this year, recording a salary level of \$120,000 to \$180,000. In 2010, the pay level stood at \$120,000 to \$170,000.

Salaries across the funds management sector experienced mixed results in this year's survey.

Pay levels for heads of distribution remained unchanged at \$250,000 to \$430,000, as did national key account managers at \$195,000 to \$250,000, key account managers at \$150,000 to \$200,000, senior business development managers (BDM) at \$150,000 to \$180,000, BDMs at \$100,000 to \$140,000 and business development advisers (BDA) at \$50,000 to \$100,000.

The only salary change for the sector was a \$5000 drop at the low end of the range and a \$10,000 increase at the high end for state managers/regional managers.

In 2010, the figure stood at \$165,000 to \$240,000, whereas this year's survey recorded the salary range at \$160,000 to \$250,000.

## FINANCIAL PLANNERS

While the survey found there had not been a significant increase in salary levels for financial planners compared to previous years, it found high-performing planners are starting to score rewards for their hard work during periods of difficult market conditions.

In light of the GFC and a number of corporate collapses, the survey questioned the reputation of the financial industry and found employment opportunities for the advisory sector have not been affected.

"The results and feedback from financial

planners and licensee management would indicate it has not. Entrants into the field of financial planning are still strong, as evidenced by enrolments into designated financial planning courses at universities and by the focus of many of the larger licensees investing heavily in recruitment and in training academies for planners," the survey found.

Outside of the salary debate, the survey found licensee participants believed the most pressing issue for them was the selection, recruitment, rewarding and retention of quality financial planners.

"We believe the competition for talent is alive and well and licensees essentially need to now look more internally at their own value proposition, bringing their CVP (client value proposition) logic internally and thus developing their EVP or their employee value proposition – what it is that makes their company stand out in a crowded marketplace to ensure they attract quality planners and, once they have secured them as employees, how they then ensure they retain the high performers in their business," the survey said.

The survey found the components of an EVP include the financial rewards – both salary and bonuses – but must also look further at the non-financial aspects of attracting planners to their business.

"Flexibility of employment, such as being able to work from home whenever possible, leadership, culture and inclusion in the decision-making process within the team, are all examples of non-financial benefits being considered to attract and retain financial planners," it said.

MLC general manager of advice solutions Greg Miller agrees, stating the issue is not necessarily around salary but more about how a business goes about finding the right employee.

"It's not really the issue around salary, but

“ I know a lot of firms that we deal with are consistently reconsidering what they do, and certainly inside small businesses that we deal with the view on how they think about profit sharing and equity arrangements are constantly top of mind about how they think about retaining quality adviser.

GREG MILLER  
MLC



GREG MILLER

it's more about how do you find the right ones and bring them in to work inside the business, both with the ability to look after the customer and the culture inside the business?" Miller says.

"Then how do you reward the good ones that stay for any lengthy period of time to get your return back from your initial investment? You know, the training and so on that goes into the new adviser is quite difficult."

He says most firms have been continually looking at structuring incentives to make sure they can keep planners for a little longer, a practice that has proven difficult for some.

"I don't think anybody has really quite gotten that right. I know a lot of firms that we deal with are consistently reconsidering what they do, and certainly inside small businesses that we deal with the view on how they think about profit sharing and equity arrangements are constantly top of mind about how they think about retaining quality advisers."

He says from the group's salaried business in terms of their incentive plans they certainly have them in place.

"For our self-employed businesses most have some sort of incentive structure along those similar lines and for many of them they have certainly moved to a profit-share arrangement," he says.

He says for many, an equity arrangement is a much bigger move.

"It comes with a great deal of complexity



## SENIOR FINANCIAL PLANNER REMUNERATION

FINANCIAL  
recruitment group

Location	SENIOR FINANCIAL PLANNER BANK			SENIOR FINANCIAL PLANNER NON-BANK		
	2011	2010	2009	2011	2010	2009
	Average remuneration package (\$)			Average remuneration package (\$)		
<b>SYDNEY</b> (Remuneration package range)	80,000-155,000	80,000-150,000	80,000-120,000	110,000-150,000	110,000-150,000	110,000-140,000
<b>MELBOURNE</b> (Remuneration package range)	80,000-155,000	80,000-150,000	80,000-120,000	100,000-150,000	100,000-150,000	100,000-130,000
<b>BRISBANE</b> (Remuneration package range)	80,000-140,000	80,000-140,000	80,000-120,000	87,000-120,000	87,000-120,000	87,000-120,000
<b>ADELAIDE</b> (Remuneration package range)	80,000-140,000	80,000-140,000	80,000-120,000	90,000-100,000	90,000-100,000	90,000-100,000
<b>CANBERRA</b> (Remuneration package range)	80,000-140,000	80,000-140,000	80,000-120,000	90,000-120,000	90,000-120,000	94,000-120,000
<b>PERTH</b> (Remuneration package range)	80,000-140,000	80,000-140,000	80,000-120,000	95,000-130,000	95,000-130,000	95,000-130,000

Source: Financial Recruitment Group Pty Ltd Remuneration Survey, May 2011

**NOTE:** Senior financial planners are starting to be hired this year on the lower range of the scale compared to last year.  
1. Bonus payments are in addition to the remuneration package stated in the table.  
2. Figures exclude planners from private bank divisions who are on higher salary ranges.  
3. Remuneration range includes superannuation and other benefits, i.e. total employment cost.  
4. Expected bonus potential to be paid this year 0-50%.

around how do you offer it, how do you know it's the right time to offer equity to somebody, how do you pay for it, do you need to finance it yourself or do you sell it as a discount? It brings a great deal of issues and I don't think anybody has got this absolutely sold at this time," he adds.

### KPIs A VALUABLE MEASURE

Participants in this year's survey also said a level of clarity around setting and agreeing to key performance indicators (KPI) was considered important.

"Transparency is absolutely essential – planners want to know precisely what they need to do to achieve their bonus. KPIs are quantifiable performance measurements used to define success factors and measure progress toward the achievement of business and individual goals," the survey said.

Senior management within the advice industry say setting KPIs for income producers, such as planners, is an easier conversation to have with a high performer.

"Easier, yes, but clarity, agreement and measurement and overall engagement are all still important. For instance, KPIs may revolve around the number of first appointments, review appointments, conversion of fact-find interviews into statements of advice and the implementation of this advice and setting of weekly, monthly or annual fee-for-service targets," the survey found.

"With competition for these high-performing planners with a strong record of performance increasing, we expect to see an amount of staff turnover whereby those underperforming planners move on and are replaced with those planners who are believed to be able to attain the competitive KPIs set by the business."

Miller says from an adviser point of view there has been a clear trend regarding KPIs towards customer outcomes in the incentives and their KPIs rather than product.

“ One of the most crucial aspects for the successes of these people in driving their incomes into their own businesses [is] having a very clear and well-priced client value proposition, including their client service offer, their marketing plan and their centre of influence, but also their KPIs. ”

**PAUL WILLIAMS**  
Axa

"That's why a lot of our advisers are now on revenue from client fees and that's the way it should be," he says.

"Whereas across the industry I think there would be a range of incentives that would still be in place that would be around product sales."

Despite the survey not recording much of an increase in planner salaries, it did find licensees are looking at potentially locking in quality planners as the lure of more money still exists.

"While remuneration is important, other benefits need to be defined and introduced to strengthen the proposition for a planner to stay with their current organisation. It is no secret that the cost of training a new planner is not cheap, so it goes without saying that retention of quality people is paramount to an organisation's profitability and success, be that a small suburban practice right up to a large licensee," the survey found.

"The difficulty is that even though many respondents to this year's salary survey believe there is no shortage of quality candidates, it is still a challenge to ensure the business attracts them with competitive financial and non-financial benefits, rewards them with bonuses achieved through clear and attainable KPIs, and retains them as high-performing, engaged, profitable financial planners."

Unlike previous years, BDMs and general managers showed a degree of consistency in this year's survey, with 58 per cent of participants stating they have been approached by competitors two to three times in the past three months.

The survey found those who had been approached did engage with a rival, however, many opportunities fell through because of absence of information and counteroffers.

Axa network development general manager Paul Williams says in-house research has found that since 2004, 330 advisers within the Axa network



PAUL WILLIAMS

experienced a trend where better quality salaried advisers are at the stage where accepting a marginal salary increase or inconsistent bonuses under unclear or subjective criteria are just not meeting their needs any more.

"In our experience, for the better quality salaried advisers that are disenfranchised with where they have been and come into the Discovery program, the research suggested that by the second year of employment, their gross revenue and their business exceeded what their gross salary was previously," Williams says.

"So it does take over a year for them to reach that stage. So they are actually earning more in year two than previously and half of these people would come from a bank, with the other half having previously been on salaries."

He says of the 330 advisers included in the Axa research, all have left salaried roles, with the key driver behind their decision being the capital value of their own business.

"The average capital value after five years, just if they stay alone as one adviser in their business is \$600,000. So not only has their gross revenue continued to grow, they have a capital value of \$600,000," he says.

"This is significant for good-quality salaried advisers who are disenfranchised with each year getting a marginal increase, getting a good bonus, getting a bad bonus. This gives them greater control of their own destiny.

"One of the most crucial aspects for the successes of these people in driving their

## PARAPLANNER REMUNERATION

Location	PARAPLANNER (Less than 3 years' experience)			SENIOR PARAPLANNER (More than 3 years' experience)		
	2011	2010	2009	2011	2010	2009
	Average remuneration package (\$)			Average remuneration package (\$)		
<b>SYDNEY</b> (Remuneration package range)	55,000-85,000	55,000-80,000	60,000-80,000	75,000-95,000	80,000-90,000	80,000-110,000
<b>MELBOURNE</b> (Remuneration package range)	50,000-75,000	50,000-75,000	55,000-75,000	75,000-95,000	75,000-90,000	75,000-100,000
<b>BRISBANE</b> (Remuneration package range)	50,000-65,000	50,000-65,000	50,000-65,000	65,000-80,000	65,000-80,000	65,000-80,000
<b>ADELAIDE</b> (Remuneration package range)	50,000-65,000	50,000-65,000	50,000-65,000	65,000-80,000	65,000-80,000	65,000-80,000
<b>CANBERRA</b> (Remuneration package range)	50,000-60,000	50,000-60,000	40,000-60,000	60,000-75,000	60,000-75,000	55,000-75,000
<b>PERTH</b> (Remuneration package range)	50,000-70,000	50,000-70,000	50,000-75,000	70,000-90,000	70,000-90,000	75,000-100,000

Source: Financial Recruitment Group Pty Ltd Remuneration Survey, May 2011

### NOTE:

1. Bonus payments/incentives are in addition to the remuneration package stated in the table.
2. Remuneration package includes superannuation and other benefits, i.e. total employment cost.
3. Potential bonus to be paid this year 10-50%.



incomes into their own businesses [is] having a very clear and well-priced client value proposition, including their client service offer, their marketing plan and their centre of influence, but also their KPIs.”

He says the research also found the most successful advisers track what’s critical to their role or a business and they measure the results, including the nature of their activity, the time spent on their activity and the revenue generated as a result of that activity.

“So they measure their results, their trends, their changes, they identify opportunities for refinement. For example, right down into the micro level of the time spent by who in their business, by which clients doing which activity and the actual fees charged,” he says.

### THE DIFFERENCE A YEAR MAKES

Twelve months ago, fee rebates, shelf space and regulation were the buzz words. Again this year, these points were certainly still top of mind with most people, especially as the Future of Financial Advice (FOFA) announcements drew closer.

“Everyone has had a few years of uncertainty and is used to operating in a changing environment, while focusing on all the other business as usual (BAU) things that distribution managers need to focus on. For instance, skill sets for model portfolio conversations, high-end account management strategies and team cohesion for incentives were examples of some of the BAU topics raised on several occasions this year,” FRG NSW state manager Conor Donoghue says.

“Most BDMs and KAMs (key account managers) who we have spoken to seem to be breathing easier in comparative terms to last year, in that they felt there was more order as to how they were being measured and judged. However, while advisers and clients are more positive about the future, there was a real sense that things are most certainly not smooth sailing in the investment markets.

For example, challenges in the regulatory environment, pressures on funding costs, and consumer apathy and numerous other influences affecting confidence are still a concern.”

Donoghue says while the survey found similar salary ranges as in previous years, new offers to candidates are being made at the middle to top levels of the ranges.

“Some businesses have been asking the very real and valid question: ‘Are we better to have two more junior BDMs service a certain market or is it better value to pay for a senior resource that brings experience and credibility to the table?’ We have seen different groups take different approaches, but more often than not they are opting for the more experienced person,” he says.

### BONUSES MAKE A RETURN

The survey found there has been a continuation of the wide bonus scales seen in previous years, with some distribution people at level ranges and some at the top end with 100 per cent of salary being paid as a bonus.

“What was interesting this year is there seems to be considerable work being done on incentives schemes within national teams and there doesn’t seem to be a one-size-fits-all approach to this,” Donoghue says.

“We have seen a whole raft of differing options to structures, including higher weightings for individual targets in some groups to higher weighting for total state or even national targets in others. One manager commented that they have removed specific inflow targets completely and want to focus on the quality of the relationships and actual successes fostered between the portfolio, KAM and BDM teams on a year-on-year basis.”

He says some groups have moved from annual bonuses to six monthly or quarterly payments, which will usually have a certain percentage held back to the end of the year.

“This seems to be having a retention

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We believe the  
competition  
for talent is  
alive and well  
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proposition.

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*IFA/Financial  
Recruitment Group  
Salary Survey 2011*

effect on people as it is either easier or more difficult for them to leave, depending on when the bonus is actually paid and what percentage is held back,” he says.

“One of the interesting observations, which we have been seeing for a number of months now, is the confidence in distribution people who are willing to look at new opportunities, which wasn’t necessarily the case for the last two years.”

He says comments made to him last year by a number of survey participants regarding the way certain groups acted in interviews, hiring and their redundancy decisions could potentially have an impact soon.

“What I am alluding to here is the perceived view that some hiring managers had over the last few years that ‘some BDMs were lucky to have jobs’ and this went further, with some BDMs commenting that they felt they were treated very unfairly with unrealistic targets and little chance of salary increases. As such they would be leaving when they came across better opportunities,” he says.

### RETENTION PLANS

As a consequence of better opportunities in the marketplace, the survey found businesses were stepping up their retention and incentive plans.

It found a consistent view from many heads of distribution that they were reinvesting in their teams to ensure they retained their quality people.

Two experienced managers spoke very passionately about the training and development aspects they regarded as being essential in their roles. Over the past year, both had worked on building development programs where there were clear and consistent career paths for their staff at all levels, the survey found.

One manager has built a system where it is expected the business development

## FINANCIAL PLANNER REMUNERATION

Location	FINANCIAL PLANNER			FINANCIAL PLANNER NON-BANK		
	2011	2010	2009	2011	2010	2009
	Average remuneration package (\$)			Average remuneration package (\$)		
<b>SYDNEY</b> (Remuneration package range)	65,000-90,000	65,000-90,000	67,000-90,000	80,000-120,000	80,000-120,000	80,000-120,000
<b>MELBOURNE</b> (Remuneration package range)	65,000-90,000	65,000-90,000	67,000-90,000	80,000-120,000	80,000-120,000	80,000-120,000
<b>BRISBANE</b> (Remuneration package range)	65,000-90,000	65,000-90,000	67,000-90,000	80,000-100,000	80,000-100,000	80,000-100,000
<b>ADELAIDE</b> (Remuneration package range)	65,000-90,000	65,000-90,000	67,000-90,000	65,000-85,000	65,000-85,000	65,000-85,000
<b>CANBERRA</b> (Remuneration package range)	65,000-90,000	65,000-90,000	67,000-90,000	62,000-83,000	62,000-83,000	62,000-83,000
<b>PERTH</b> (Remuneration package range)	65,000-90,000	65,000-90,000	67,000-90,000	85,000-110,000	85,000-110,000	85,000-110,000

Source: Financial Recruitment Group Pty Ltd Remuneration Survey, May 2011

### NOTE:

1. Remuneration range includes superannuation and other benefits, i.e. total employment cost.
2. Expected bonus potential to be paid 0-30%.
3. Bonus payments are in addition to the remuneration package stated in the table.
4. This does not include private bank areas.



support team will be on the road a certain amount of times a year with the BDMs so they can do peer reviews and development planning with each other.

“Likewise the BDMs will be expected to do a certain amount of key account management work with the KAMs who in turn are expected to do a certain amount of leadership and business management,” the survey found.

“Another manager spoke about how the BDMs will be offered a certain percentage of a state-based profit and loss to run, to test their negotiation and budgeting skills, but also to give some real sense of accountability and ownership – obviously these initiatives would not work in all businesses, but these were some real-life examples of groups with a plan to invest in the development and retention of their teams.”

When hiring managers are looking for BDMs or KAMs, some of the trends that came up again this year were around experience, credibility, calibre, activity and account management skills. Another focus this year was around experience within model portfolios and understanding research and general global market trends, as opposed to “get onto as many APLs (approved product lists) as possible”.

Donoghue says BDMs and KAMs want to work for leaders who stand for consistency and have a proven track record of success, where they can understand where the business is now and where it will be in 12 months – although if the past few years of consolidation is any indication, this is a very hard ask in some groups.

“BDMs want to work with teams of engaged people who are focused and committed and where they have some great stories to tell the adviser community. However, most BDMs understand the realities of what is actually happening currently in the investments markets and they are more realistic than most on the challenging times ahead,” he says.

“One very astute business manager made a very relevant comment. The general sense was along the lines of: ‘Yes, this is the best of the last three years, but what next? We have cut all the costs out of the business and once this is done you can’t do it again; the only other things left are headcount costs.’”

Williams says in Axa’s experience, by helping small business owners to develop a level of discipline it has helped with attracting and retaining quality staff.

“They were losing good people in their

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Things are  
much more  
optimistic  
than this time  
last year and  
companies are  
now hiring  
again and they  
are contacting  
financial  
services  
recruitment  
specialists  
for their  
paraplanning  
vacancies.”

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**LENA COATES**  
**FRG**

business because they weren’t delivering to their own value proposition. They weren’t meeting their needs anymore with their KPIs being clear enough. It’s a really important topic to get right, not only for a company like an Axa or an AMP, but also a small business,” he says.

### UNCERTAINTY STILL REMAINS

The survey also found there is still a lot of uncertainty around what is happening at a corporate level in regards to FOFA, responsible lending, at the consumer level (self-directed and well-educated, involved investors) and the adviser level (compliance hurdles, commission issues and diminishing market valuations of some practices).

“It is fair to say that uncertainty leads to opportunity and as we continue to see, the one thing that is constant is change. The key, therefore, is how prepared groups are for these changes that will see who is truly successful in the future,” Donoghue says.

### RECRUITING ON THE UP AND UP

In terms of recruitment activity, the survey found in the past two years it has been quite mixed.

“We have seen a definite increase over the last few months within distribution roles. Businesses have been more focused on forward planning and additional headcounts, while adding the obligatory ‘depending on market conditions’ response,” it found.

“We have seen a steady level of activity on the east coast across multiple sectors for BDMs, KAMs, planners and practice managers and the sentiment seems to be there will be a steady increase in roles. One of the biggest challenges that seems to be facing distribution managers is when is the right time to commit to bring additional resources onto the balance sheet and some have commented: ‘If we had more BDMs would we have more inflow; if we have less



CONOR DONOGHUE

fixed costs for salary then can we service our existing clients and focus on retention and market share?”

Recruitment for the consultant and paraplanner is also experiencing a boost, the survey found.

“Things are much more optimistic than this time last year and companies are now hiring again and they are contacting financial services recruitment specialists for their paraplanning vacancies,” FRG recruitment and consulting national manager Lena Coates says.

“In the heyday, pre-GFC, experienced paraplanners were in high demand by companies that wanted to recruit paraplanners to support their advice businesses. Unfortunately, during the GFC, companies had to cut costs quickly and tough decisions were made.”

Coates says during the GFC, paraplanners, client service officers and administrators had to be let go, creating the impression that there was a flood of candidates on the market.

She says while the survey found base salaries for paraplanners have not altered dramatically and have only gone up or down by 5 per cent based on their state location, there has been a change in the contest for hiring talented paraplanners.

“More companies are providing bonuses that are linked to company performance/ individual performance and plan production. Bonuses are being paid either monthly, quarterly or yearly and average from 10 per cent to 50 per cent,” she says.

### FUNDS MANAGEMENT DISTRIBUTION REMUNERATION

POSITION	SALARY RANGE (\$)	BONUS POTENTIAL
General managers/heads of distribution	250,000 - 430,000	Up to 100% + LTIs
State managers/regional managers	160,000 - 250,000	Up to 100% + LTIs
National key account managers	195,000 - 250,000	Up to 100% + LTIs
Key account managers	150,000 - 200,000	Up to 100% + LTIs
Senior BDMs	150,000 - 180,000	Up to 100%
BDMs	100,000 - 140,000	Up to 100%
BDAAs	50,000 - 100,000	Up to 30%

#### NOTE:

1. Bonus payments/incentives are in addition to the remuneration package stated above.
2. Remuneration range includes superannuation and other benefits, i.e. total employment cost.
3. Bonus average up to June 2011 was estimated to be between 30-100% of bonus potential.

Source: Financial Recruitment Group Remuneration Survey, May 2011



# CAUTIOUS OPTIMISM

Written by: Judith Beck, Financial Recruitment Group managing director



JUDITH BECK

I must say I enjoyed conducting the salary survey a lot more this year than last year. There were no tears and everyone was pretty optimistic about the next 12 months. Not to say that companies are in celebration mode, as that is not the case, but this year they are at least positive about things to come, albeit cautious.

One thing that is very consistent is that from the business development level to the general manager level, good candidates are highly sought after and 58 per cent of those surveyed have been approached by the competitors not once, but, on average, two to three times in the past three months.

In fact, most of the approaches have been direct approaches. Those who had been approached said they did check out the opportunity by speaking to the competitor. However, it often fell over due to lack of information or counteroffers.

This tells us two things: one is that people are more willing to talk to the competitor, as they are comfortable enough to explore the opportunity, as opposed to last year when most were not prepared to make a move out of fear, and it also tells us companies are active again in competing for talent.

The salary ranges were unaffected this year. However, where people sat within those ranges did change. In the past two years most new offers were at the beginning of the range. This year, most new offers were at the mid to high end of the range. This tells us that next year some of the ranges may increase.

Bonus payments varied, with some quoting bonus payments as high as 80 per cent to 100 per cent. The majority received a bonus and there was no need for companies to pay token bonuses this year.

Companies have also started to put tighter notice periods in contracts, from three to six months. This means companies poaching from competitors should expect to wait for that person while they are on gardening leave. It is highly unlikely a company would release someone from gardening leave to go into a competing organisation.

Company brand and the personal brand of the hiring manager are still very important, so how companies approach candidates will be instrumental. As the market competes for good candidates, the way companies and hiring managers represent themselves will make all the difference. Don't have a process that will send the wrong message.

Most companies surveyed said they plan to recruit as of July and were putting in their budgets for new recruits now. Providing there were no major catastrophes in the world, they felt confident. Several commented that because of some mergers still taking place, they expect to see movement between companies.

Several managers commented that they have had to take on more responsibilities and are working longer hours for no more reward. They are trying to put cases forward to be able to hire additional staff, but until the runs are on the board, the companies will remain optimistically cautious. «

“Companies are now also looking to hire directly from the educational bodies into entry-level paraplanning roles. Hiring directly from the educational bodies creates a base pool for graduates to learn their paraplanning skills and to be mentored by experienced paraplanners in the team. When the opportunity presents itself, the more experienced paraplanner may be promoted into a financial planning position, allowing the graduate to take on more responsibilities as a paraplanner.”

Williams says in calendar 2010, Axa had 81 per cent of its businesses increase their profit above their own benchmarks, resulting in an increase in employing paraplanners, albeit cautiously. “We're seeing two things happen there: for good-quality people they are now prepared to pay a little bit more, whereas previously they were spending a bit too little getting not good-quality people and consequently their performance wasn't great so they were the first ones to be moved on during the GFC,” he says.

“Now I think we're finding the discipline of understanding what's market-acceptable remuneration and delivery of their own EVP to attract and retain.

“The other part we're seeing is I know the outsourcing from our adviser of the paraplanning function to Axa has increased quite considerably. There is probably some level of nervousness about the sustainability of adding full-time non-income-producing resources.”

Miller says in terms of NAB Financial Planning, the group has kept its paraplanning numbers at a similar level to previous years.

“What we do with our self-employed advisers is we don't run a paraplanning service. We have an outsourcing arrangement where we select a panel of outsourcing providers and the planners can go to that,” he says.

“What we've seen is probably a greater use of that outsourcing over the last 12 months than previously, which is really a combination to do with workloads, so the

fact that we're seeing our advisers seeing more new clients and generating more new revenue over the last 12 months.

“So rather than actually building cost space back into the business as a fixed cost they have been using the viable costs and using the outsourced method.”

Coates says retention and succession planning are not the only reasons that graduates are being sought after, with participants within the banks, licensees and financial institutions expressing how difficult it was “finding strategic, technically sound and experienced paraplanners”.

“They felt by hiring graduates and training them with the proper technical skills some of the compliance issues that have happened in the past won't be repeated,” she says.

“During the GFC, when investment markets were suffering, financial planners and consequently paraplanners focused more on risk and debt advice. Paraplanners at that time produced less comprehensive [SOAs] and did not get the opportunity to work on more complex plans. It was commented that this has now made experienced technical paraplanners harder to find. Companies have now found it necessary to ensure their graduates who have the theoretical understanding are trained on the practical applications. This is proving to be successful.”

She says the survey also found the concern that with the shortage of the more experienced technical paraplanners with three years-plus experience, this would drive their salaries up. If the financial optimism remains for the rest of this year and into 2012, it will be interesting to see how remuneration changes over the next 12 months.

“It is pleasing to see from this year's survey that companies are seeing the importance of training and offering bonuses to paraplanners, and also hiring graduates. They have recognised the significant investment of time and money it takes to hire and retain talented individuals,” she says. «

## LICENSEE DISTRIBUTION REMUNERATION

POSITION	SALARY RANGE (\$)	BONUS POTENTIAL
General manager	230,000 - 450,000	Up to 100% + LTIs
State manager	180,000 - 250,000	Up to 100% + LTIs
Regional practice development manager	160,000 - 220,000	Up to 100% + LTIs
Practice development manager	120,000 - 180,000	Up to 100%

### NOTE:

1. Bonus payments/incentives are in addition to the remuneration package stated above.
2. Remuneration range includes superannuation and other benefits, i.e. total employment cost.
3. Average bonus up to June 2011 is estimated to be between 10-50% of bonus potential.



Source: Financial Recruitment Group Remuneration Survey, May 2011