

OCCUPATIONAL PROFILE: Personal Financial Advisors

By Linda Mothersele, Research Analyst

Personal financial advisors give financial advice to people.

They help with investments, taxes, and insurance decisions. A bachelor's degree is required for an entry level position, but a master's degree and certification increases chances for advancement and a higher level of pay.¹

While most financial advisors work out of an office, nearly 25 percent of personal financial advisors were self employed in 2010. Their schedules often involve evening or weekend meetings with clients. They may also attend conferences and conduct classes in financial planning. With a high percentage of baby boomers nearing retirement there is a strong demand for this type of service. People are having to take more responsibility for their own financial planning as the funding for pensions has decreased, thus increasing the need for this type of service.

There is not a specific degree that is required for this occupation. Examples of areas of study would include finance, economics, accounting, business, mathematics

Area	Employment	Location Quotient	Hourly Mean Wage	Annual Mean Wage
U.S	175,470	1.00	\$43.66	\$90,820
New York	23,710	2.06	\$59.25	\$123,250
Delaware	970	1.78	\$41.25	\$85,800
Connecticut	3,580	1.64	\$62.84	\$130,710
Massachusetts	6,470	1.50	\$52.88	\$109,980
New Hampshire	1,040	1.26	\$36.89	\$76,740

or law. More colleges are now offering programs in financial planning. Personal financial advisors who directly buy or sell stocks, bonds, insurance policies or specific investment advice need a combination of licenses that varies based on the products they sell.²

Nationally, the job outlook for this occupation is good, as the projected rate of growth is at 27 percent from 2012-2022. The few formal educational requirements and relatively high wages attract many applicants which increases the competition for this type of job. In 2012 the annual mean wage of personal financial advisors was \$90,820 and the top 10 percent earned more than \$187,200. Advisors who work for financial services are often on salary but

receive bonuses which are not included in the wage data. Additional income may be received by charging a percentage of the assets they manage or by commission for financial products they sell. The annual mean salary for personal financial advisors in Connecticut is \$130,710 which is the highest in the nation. Connecticut also ranks in the top five states with the highest concentration of jobs and location quotients for this occupation. The location quotient is defined as the ratio of the area concentration of occupational employment to the national average concentration. ■

¹ Bureau of Labor Statistics, U.S Department of Labor, *Occupational Outlook Handbook, 2012-2013 Edition*

² Ibid

GENERAL ECONOMIC INDICATORS

<i>(Seasonally adjusted)</i>	3Q	3Q	CHANGE		2Q
	2013	2012	NO.	%	2013
General Drift Indicator (1986=100)*					
Leading	109.6	105.7	3.9	3.7	104.8
Coincident	109.0	108.9	0.1	0.1	108.3
Farmington Bank Business Barometer (1992=100)**	127.2	124.4	2.8	2.3	125.7
Philadelphia Fed's Coincident Index (July 1992=100)***	DEC	DEC			NOV
<i>(Seasonally adjusted)</i>	2013	2012			2013
Connecticut	156.19	151.03	5.16	3.4	155.47
United States	157.40	152.73	4.67	3.1	156.97

Sources: *The Connecticut Economy, University of Connecticut **Farmington Bank ***Federal Reserve Bank of Philadelphia

The Connecticut Economy's **General Drift Indicators** are composite measures of the four-quarter change in three coincident (Connecticut Manufacturing Production Index, nonfarm employment, and real personal income) and four leading (housing permits, manufacturing average weekly hours, Hartford help-wanted advertising, and initial unemployment claims) economic variables, and are indexed so 1986 = 100.

The **Farmington Bank Business Barometer** is a measure of overall economic growth in the state of Connecticut that is derived from non-manufacturing employment, real disposable personal income, and manufacturing production.

The **Philadelphia Fed's Coincident Index** summarizes current economic condition by using four coincident variables: nonfarm payroll employment, average hours worked in manufacturing, the unemployment rate, and wage and salary disbursements deflated by the consumer price index (U.S. city average).