



GLOBAL OVERVIEW 2022

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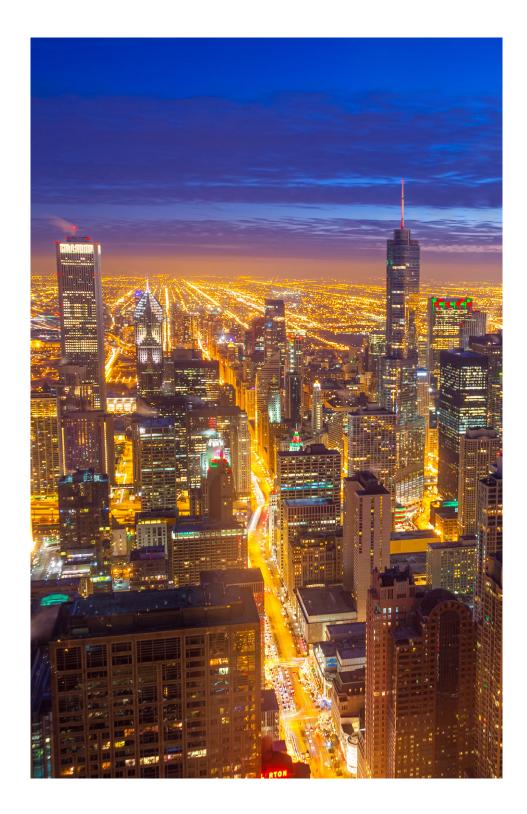


#### Introduction

Private Wealth Management never ceases to amaze and, although the future of the industry is undetermined, this is certainly a new dawn for growth. Despite a context of a looming recession, inflation continuing to bite, and consumer behaviors altering the landscape in which businesses co-exist in, the conditions of the sector present a new prospect for firms to make bold choices and competitive industry strides.

To blossom in this buoyant market, with global AUM anticipated to almost double in size from \$84.9 trn in 2016 to \$145.5 trillion by 2025, firms should take advantage of the growth opportunities available. By developing an operating model that is innovative; one that embraces a technologically nimble infrastructure and flexible-first approach, this will be fundamental to propogate a wave of strong growth. However, it's never been more crucial to have the right people in place to propel Private Wealth Management organizations forward into the future of tomorrow.

In this Selby Jennings Private Wealth Report, we take a deep dive into the industry to discover the latest market developments, defining themes across four specific verticals, and exclusive talent trends that your business should know about. For professionals, regardless of whether you're actively looking to explore new opportunities or you'd like to strengthen your sector knowledge, our report can provide invaluable insights – especially at a time when talent hold all the bargaining chips in the market.



# **Private Banking**

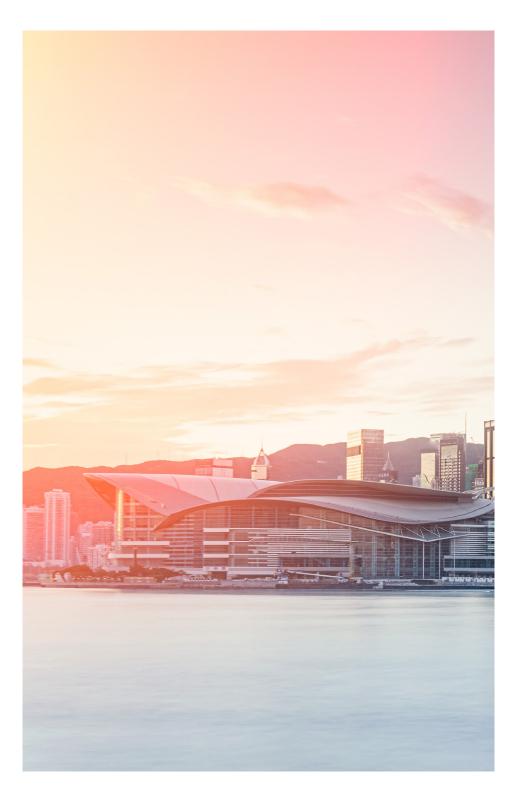
It has been an excuberant time for Private Banking, and while rumours of a recession whisper, here at Selby Jennings we have observed the Private Banking space going from strength to strength. The industry has benefitted from new firm-wide protocols that offer a more tailored financial solution. Although they are driving innovation across multiple levels, these protocols are certainly challenging the status quo as they are typically piloted by younger demographics entering the workplace. From specialized training to innovative product offerings, the Private Banking landscape is propagating a wave of experimentation to continue to thrive in this dynamic environment.

As cited by Business Insider, competition has intensified between the banks to service and attain a concentrated book of ultra-high-net-worth clients, resulting in, "Wall Street banks putting analysts through their paces before they work with the most coveted clients." From voicemail training to rigorous exams with upwards of a 40% failure rate at all times, Private Banks have upped the ante on internal assessments to respond

to the ever-evolving needs of their niche clientele. Particularly as running the risk of not responding could be a challenge for organizations – according to a Thought Lab study, a <u>staggering</u> 55% of billionaires reassigned their funds or moved wealth management providers.

Fluctuating consumer demands present challenges as well as opportunities and play a critical role in hiring strategies. Across the board, Private Banks have been scrambling to fill seats throughout the entirety of their departments, with a specific focus on securing traditional Private Bankers in the West Coast, Northeast, and Southeast region in Florida. This is due to the astronomical demand for advisors pre and post-pandemic who are now managing larger books across Private Banks and assisting clients with their business needs. From Trust Officers, Portfolio Managers, Fiduciary Specialists, to Client Service Associates, Private Banks have ramped up their hiring endeavors to better service industry-leading clients and stay at the cutting edge.





# **Trust & Fiduciary**

On the back of the global financial arena regaining stability post-pandemic, coupled with clients quintessentially driving change, the Trust & Fiduciary space is enjoying healthy activity. Over the course of the past year, several moving parts and longterm themes have come into play. We have observed an influx of multinational families utilize more trusts. A generation ago, this was a tricky terrain to navigate largely due to interstate planning, but today it's become commonplace to complete trust planning for multinational families affected by the taxes and laws that vary across multiple regions.

The Fiduciary landscape is changing at an unprecedented scale. The astronomical demand for fiduciary services made trust departments a lucrative source of revenue for financial institutions, which also heightened competition at a national level with many States vying to acquire trust assets such as perpetual trust, directed trusts, asset protection trusts, among others. With these everchanging trust and tax laws, the role of a trustee is now incredibly complex. Fiduciary specialists that can orient these multifaceted trust laws and carry out basic duties of the fiduciary, all while being locally based in a favorable iurisdiction, are a hot commodity in the market.

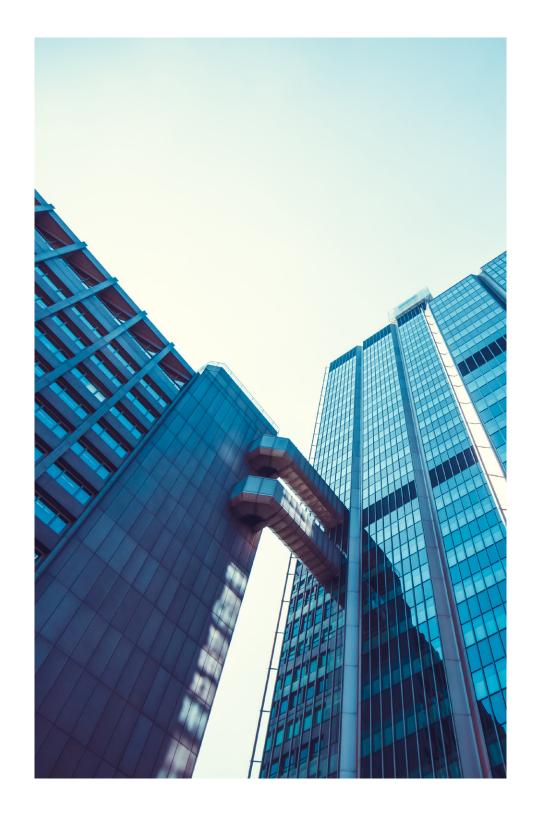
As a result of the complex domestic and foreign tax laws at the planning stage, there is a strong appetite for Tax Counsel and Fiduciary Partners who have the sophisticated fluency to meet the pressing demands of trust structures. While the trustee is required to understand foreign taxation and property laws, all within the scope of strict federal laws, this has directly spilled into a difficulty to distinguish between intricate trust structures.

# **Multi-Family Offices**

In a space that is often regarded as niche, Multi-Family Offices (MFO) have been exponentially swelling – it's all to play for in a market that has never been so active in the last 10 years. The market buoyancy is a result of dual factors – hiring activity is resuming and multi-generational families are growing. When families of high and ultra-high-net-worth reflect on their legacies they're likely to lean on their advisors more who manage their trusts. In this light, we've witnessed a huge uptick in the need for Trust Advisors, Trust Attorneys, and top tier Producers to manage the books and open up new office locations.

While demand is there, supply is not so forthcoming, and being able to secure the best minds into MFO is a significant hurdle facing employers today. While several MFOs are increasing their hiring endeavors to lure Private Bankers away from the global banking franchises, this is by no means an easy feat. In general, hiring processes are long-winded and a lot of Private Bankers, especially in the East Coast, have a non-solicitation and garden leave which is typically between 60-90 days. To further muddy the waters, high caliber Private Wealth Management professionals are usually passively exploring opportunities, so tapping into this constrictive talent pool will require a high level of expertise from a talent partner like Selby Jennings.

On the client side, there have been some notable shifts and momentum away from Private Banks towards independent Private Wealth Management providers in search of the complete 'white-glove service'. As client attitudes and behaviors shift in line with a highly personalized service, we expect a greater volume of hiring to pick up across the MFO space to facilitate to this demand.



## Registered Investment Advisors

Today, Registered Investment Advisors (RIA) have seen their segment of Private Wealth Management come to life. Growth of independent RIAs is continuing to accelerate, the fee-only RIAs are increasing to 50% and hybrid RIAs have climbed to 8%. We've also seen a cumulative number of RIA incumbents and, in turn, a rampant growth of the many established firms build out their product offering, whether that's on the financial planning side or becoming a chartered banker by having trust and family capabilities. In terms of the rector stock market valuation, this is encouraging the industry to rapidly come together and consolidate, with RIA offices taking over in size and scale. RIAs have garnered considerable attention from Private Equity shops who are looking to dish out money and acquire them in abundance, which is certainly intensifying competition in an already oversaturated market.

A multi-layered trend worth emphasizing is that many RIAs are starting to launch MFOs and build them out in major hubs like West Palm Beach, New York, California, or the Midwest. In order to become a true MFO, it starts with a value-packed Trust & Fiduciary offering, or traditional Multi-Family Service, alongside typical investment products which is RIAs main speciality. As MFO and RIA's services continue to morph into one, we expect this trend to amplify in the future, perhaps the only caveat is this might reduce options available for both involved.

For RIAs, competing against the banks to secure talent tops the list, surpassing regulatory scrutiny or the implementation of digitally nimble tools. Yet, within the RIA model, as the President is the ultimate decision marker, they typically have the upper hand to provide a more competitive package in terms of equity ownership and joining at Partnership level. Although long-term

compensation is different, as Year 1 is the transitionary period, we believe that many professionals will make moves to RIAs and firmly place the trajectory of success in their own hands.

In an industry that displayed unwavering resilience during the global pandemic, despite some disruptions, and one that truly embodes the colloquial expression, 'wealth will never die', it's exciting to see what's in store in the coming decades. While conditions such as technological advancements, ever-altering consumer behaviors, and generational shifts are changing the context in which Private Wealth Management firms operate, the market of today offers a chance to innovate, experiment, and thrive before setting the cornerstone. For businesses and professionals alike, although Private Wealth Management is buffeted by seismic change, the market has never been so hot and plentiful in opportunities.

# Private Wealth Management: Top 3 Trends to Watch

#### EMPOWERING DIGITAL AND HYBRID WORKSPACES

In the Private Wealth Management landscape, firms are fusing digital-enabled tools with hybrid advisory services to build a robust and fluid client experience. Technological advancements are helping to make processes less linear and rigid, with independent advisors now able to run their book of business regardless of size or the intricacies of personal finance. Interestingly, to maintain such a long withstanding and exclusive client partnership, we've seen Private Banking firms offer a tailored service that has a twofold significance - pairing deep client expertise with the proliferation of digital transformation. Such services have been driven by several leading global Private Banks who have integrated cryptocurrency into their robust product platform. LGT, the world's largest family-owned Private Bank, are looking to tap into digital assets by offering investment services for Bitcoin and Ether, a trend we forecast to be bankwide in the coming years.

From a talent perspective, technology and flexibility has evolved side-by-side in the workplace. Technology is an enabler for employees to connect and use collaboration platforms, but today the narrative has shifted around how to strike the right balance between remote and office working. Across the Private Banks, resistance for a return to office has been brewing.

JPMorgan's hybrid mandate, which incorporates a home working component alongside being physically present at least three days per week, initially received some scrutiny from existing employees. Yet, with banks making considerable efforts to

appease team members that demand more flexible working, it leaves many to ponder if the hybrid model will be a staple of our post-pandemic futures?

When it comes to wealth management teams, having a work culture that is guided by a sense of belonging and strong purpose is crucial. While many business leaders have been addressing where their teams work and how best to foster a collaborative culture, based on our conversations with industryleading talent, they place a firm emphasis on the hybrid model. In a nutshell, if the hybrid paradigm isn't being offered, financial professionals are simply not as interested. As firms utilize technology to facilitate to the idiosyncratic needs of their clients, in turn, we advise companies to embrace a digital-first approach to bridge the gap between distributed teams and mitigate any retention issues from incurring. While today's world is driven by the latest high-tech solutions, it's important to not forget or underestimate the power of human interaction. There is an undeniable value with face-to-face collaboration. from building positive office camaraderie to ensuring a superb service is maintained by establishing relationships in-person, this is somehow negated by remote working. However, firms that strive to have a balancing act between flexibility, implement the right technologies, meet the needs of the office, and define new ways to work, we predict, will be the ones that facilitate their workforces to thrive and prosper in the future.

# Private Wealth Management: Top 3 Trends to Watch

#### MONEY TALKS: COMPETING OFFERS & COMPENSATION

Competing offers are a pressing issue facing business leaders today. In Private Wealth Management, across the board, firms are vying for the same talent in a restrictive pool which is resulting in an upturn in opposing offers. At Selby Jennings, we've observed several instances where a private equity professional leaves their current firm and works at a different company for over a year. However, in a last attempt their previous employer reaches out with an offer to get them to return. While it's not all about money, there's definitely something to be said about the rise in offers and the fervent candidate-driven landscape that's led to many professionals making moves. In today's market that is highly skewed towards passive and active job seekers, talent have been able to leverage a competitive hybrid offering and attractive compensation package.

Private Bankers compensation packages are comprised of a base salary attached with commission and, year after year, this accelerates depending on the seniority. At the Vice President level, professionals can earn around \$175-\$210k and once they hit Senior Vice President or Managing Director, pay scales range between \$225-\$300k on their base with the sweet spot at \$250k. From an all-in perspective, top Producers and Executives can take home anywhere between \$700-\$800k and with demand for the C-Suite level burgeoning, this skyrocketing pay structure is incredibly hard to top.

As compensation models vary for RIAs and MFOs, this places them at a crosshairs with the Private Banks who have the ability to offer a higher base salary from the get-go and snap up industry-leading talent. However, whilst the archetypal move is to switch Private Banks because the product and resources are similar, we've observed top-tier Private Bankers transfer to RIAs perhaps because their book is tied to the investment side and the prospect of receiving equity ownership is alluring. Although the caveat is that RIAs are not willing to offer capital upfront and there is risk in Year 1, the benefits do pay off over time and for talent looking to seek greener pastures, it's beneficial to view this move as a long-term investment.



# Private Wealth Management: Top 3 Trends to Watch

#### NATION-WIDE TRENDS IN FOCUS

Despite a number of factors, from a period of prolonged inflation to the prospect of a recession in the near-term impacting Private Wealth Management, the space is heating up. But what are the key areas that are taking centre stage across the hiring front? The East Coast and Southeast will always be booming locations, with the biggest hiring activity evident across California and Delaware which both have a huge trust arm. There's considerable movement in the West Coast, particularly in Northern and Southern California, and across Washington, Dallas, Chicago, and Florida.

MFOs have a strong presence in West Palm Beach and for RIAs, lower cost of living areas such as Nashville, Charlotte, and Ohio - specifically in the Cincinnati region - are currently the major hiring hubs. Interestingly, California might have the upper hand because their Private Bankers don't take garden leave and can

resign usually in 2 weeks - a huge contrast to the East Coast where this can dramatically delay processes. It comes as little surprise that Private Bankers being locally based in California are a hot commodity, however with location being no longer a limitation due to the advent of flexible working, we encourage firms to tap into this competitive labor market.

Fira Yagyaev, Vice President - Head of Private Banking & Wealth Manegement at Selby Jennings, shares how she's helped businesses flesh out their teams in several notable areas. "While build outs are usually a difficult task as firms need the right infrastructure and resources in place, starting out with a team build is fundamental because this increases the portability of assets. That's why working with a talent partner, like Selby Jennings, can tremendously help not only to get the right teams in place, but to set you up for future success."



Against a backdrop of the cost of living soaring and an increasing risk of a recession, Private Wealth Management remains remarkably resilient. While disruption might loiter at every corner, opportunities definitely abound in a lucractive industry with strong growth potential.

Given the pace of change, we expect to see digital transformation and hyper personalization taking center stage as business leaders look to better serve their unique client preferences. Rather than focusing on wealth ranges, Private Wealth Management firms should respond to the changing landscape by prioritizing innovation, growth, and talent management.

Who knows what's next for an industry that exists on the precipice of change, but one thing is for certain, firms should look to get ahead by having a strong pipeline of business-critical talent in the door. The market is truly candidate-driven, so to attract and retain professionals our advice is to remain proactive rather than reactive. If you have the financial means to hire and are clambering to fill positions that are a persistent need, we encourage organizations to make haste and partner with a talent speciliast as sector professionals are on the move to bag the best deal. At Selby Jennings, we look forward to seeing how the fast-moving sector evolves and to continue enabling exceptional careers.



### **About Selby Jennings**

With more than 15 years of experience in talent of the highest caliber for firms, Selby Jennings has become the go-to search partner within banking and financial services.

Through our network of private wealth management professionals and clientele, we help to solve and enhance the financial situations of high-net-worth and ultra-high-net-worth individuals with talent that supports them in wealth preservation and wealth creation.

Giving businesses peace of mind that their talent solutions are in expert hands, we also help professionals reimagine their careers globally. Discover our expertise across private wealth management, and how our continual investment in innovative technologies and training enables us to match fintech talent to world-leading companies, with speed, precision, and accuracy.

At Selby Jennings, we cover a number of roles within private wealth management, including:

**Private Banking,** (Relationship Managers, Investment Advisors, Portfolio Managers, Wealth Planners, Business Development Officers, Team leader/Managers, Chief Investment Officers)

**Wealth Management/Brokerage/RIA,** (Financial Advisors, Investment Managers, Portfolio Managers, BDO's, Producing Managers, CIO's)

**Trust & Fiduciary/Family Offices,** (Trust Officers, Legal Specialists, Wealth Planners, Chief Fiduciary Officer, Business Development Officer's)

Our financial services team has extensive knowledge in the market, with our continual investment in best-in-class technologies and expertise enabling us to match financial services professionals and world-leading companies with speed, precision and accuracy. Today, Selby Jennings operates all over the world to help professionals reimagine their careers, globally. As an award-winning talent expert, we offer specialist guidance across 10 specialisms, over three continents. Visit our website to discover more invaluable insights, including exclusive research, salary guides and market trends.



### **Contact**

Meet the team and connect with some of our Private Wealth Management experts in the US



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