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OCCUPATIONAL ALERT

Release Date:	December 14, 2006
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Occupation:	Investment Banking Associate

Update:

While it's true that Investment Banking Associates working with the large bulge bracket banks (Goldman Sachs, Merrill Lynch, Morgan Stanley/Dean Witter and Salomon Smith Barney/Citigroup) bring in huge salaries and bonuses, they work extremely long hours including weekends. Indeed according to John Jadech, a third year Associate at JP Morgan, the increased use of technology like Blackberries makes them accessible 24 hours per day. However this technology and work pace is essential, as transactions are global and expected to be completed in record time. Indeed as Michael Lewis noted in his book Liar's Poker, "The investment banker was a breed apart, a member of the master race of deal makers." Investment Bankers serve organizations (companies and governments) that need capital to operate, and institutional investors that have capital to invest.

Traditionally the role of an Investment Bank was "underwriting", purchasing securities when first offered by a corporation or governments, and then reselling the securities to final investors. Now secondary market trading has become as important as underwriting. They act as consultants, and they sell financial data. They continue to act as corporate agents in M&A activity. They organize and participate in direct investment (merchant banking). They act as Investment Counselors and Brokers. They run mutual funds and are Money Managers for pension funds.

First Year Associates with MBA's (the Chartered Financial Analysis credential is also being sought) working with one of the above noted bulge bracket banks typically earn from \$125K-\$235K per year and Third Year Associates earn from \$150K to \$450K per year, with starting bonuses ranging from 10%-50% of salary and later moving to 1-3 times salary. This does not include monies received for signing bonuses, relocation allowances, stock opportunities, and the opportunity to co-invest along with the company.

Select References: www.cfainstitute.org, Salary Surveys from Pinnacle Group International (based on Recruiter feedback), CPI and Careers In Finance, and The Fast Track by Mariam Naficy