

Investment Banking

SALARY GUIDE



Wall Street Prep

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Investment Banking Analyst Salary Guide

Average base and bonus investment banking salaries for IB analysts in their first, second and third years in the investment banking industry in New York and London

Investment banking analysts are typically hired straight out of college into a two year program, that sometimes extends to a third year. The investment banking analyst salary is comprised of a base and a bonus.

For a first year investment banking analyst in New York City the base salary is \$85,000, and most analysts will receive a year end bonus in the range of \$65,000-\$75,000. Absolute top performers will get a bonus as high as \$85,000.



The all in comp for most 1st year analysts thus **comes to around \$160,000**.

Below is a table summarizing average compensation for 1st year, 2nd year and the increasingly rare 3rd year analyst.

Investment banking analyst salary (New York)

Position	Base Salary	Bonus	All-in Comp
1 st Year Analyst	<ul style="list-style-type: none">• \$85,000 is "standard" at bulge bracket investment banks• Lower at smaller regional middle market firms• Some elite boutiques are starting at \$95,000• Some might give a signing bonus anywhere from \$0-\$10,000	<p>Low: \$65,000</p> <p>Mid: \$75,000</p> <p>High: \$85,000</p>	\$150,000-\$170,000

2nd Year Analyst	<ul style="list-style-type: none"> • Second year usually increments up by \$5,000 • \$90,000 is "standard" at bulge bracket 	<p>Low: \$75,000</p> <p>Mid: \$85,000</p> <p>High: \$95,000</p>	\$160,000-\$180,000
3rd Year Analyst	<ul style="list-style-type: none"> • \$95,000 is standard at bulge brackets 	<p>Low: \$75,000</p> <p>Mid: \$95,000</p> <p>High: \$105,000</p>	\$170,000-\$210,000

A NOTE ON THE STUB YEAR

Analysts arrive in the summer after completing undergrad. Traditionally investment banking analysts get their first year bonus a full 12 months after arriving and don't switch to calendar year bonuses until they are promoted to associate ("a to a"). However, firms are increasingly switching to the "stub year" model for IB analysts, to reset their bonuses to a December calendar year end. In this case analysts get a small stub at the end of their first calendar year (usually \$25,000-\$30,000 just 5 months after arriving), with the next bonus coming 12 months later.

Investment banking analyst salary in London

Investment Banking analyst salaries in London are lower than in NYC. As is the case in the United States, there is a standard base: In London, almost all firms currently offer a £50k base, growing to £55k and £60k for 2nd and 3rd year analysts, respectively. Salary is comparable to London after adjusting GBP to EUR in smaller financial hubs in Europe such as including Switzerland, Frankfurt and Zurich.

Position	Base Salary	Bonus	All-in Comp
1st Year Analyst	<ul style="list-style-type: none"> • £50,000 is the "standard" • Some give a signing bonus up to £5,000 	<p>Low: £30,000</p> <p>Mid: £35,000</p> <p>High: £40,000</p>	£80,000-£90,000

2 nd Year Analyst	<ul style="list-style-type: none"> • £55,000 	<p>Low: £30,000</p> <p>Mid: £45,000</p> <p>High: £60,000</p>	£85,000-£115,000
3 rd Year Analyst	<ul style="list-style-type: none"> • £60,000 	<p>Low: £50,000</p> <p>Mid: £60,000</p> <p>High: £70,000</p>	£110,000-£130,000

What determines the size of the investment banking analyst bonus

There are 4 factors that determine the size of the year end bonus:

Factor 1: Performance vs. other analysts in the group

Analysts are typically placed into 3 buckets of performance. The absolute top performers get 100% of their base as a bonus (and in some rare cases even 105% of base), while the weakest analysts will receive 70% of base at most firms. At many firms, placing at the bottom of the group is also a not-so-subtle indicator that you will not be promoted to associate down the road. How analysts rank relative to others in the group - as opposed to how they rank relative to other groups or across other firms, is therefore the most important indicator of the career prospects within the firm.

Factor 2: The success of the group

Investment banks organize their groups primarily around industries ("coverage") and compete with other firms based on how many deals they closed within each industry. If an analyst is in an industry group that has closed a lot of deals and brought in a lot of revenue for the bank, the bonus pool for that group will be larger than for less successful groups.

Category	Bank	Year to date 2019 Fees (\$m)
Financials	Bank of America Merrill Lynch	1,200.57
High Technology	JP Morgan	717.60
Healthcare	JP Morgan	498.98
Energy and Power	JP Morgan	449.37
Industrials	JP Morgan	432.03
Materials	Goldman Sachs & Co	349.15
Real Estate	JP Morgan	291.03
Government and Agencies	Bank of China Ltd	290.79
Consumer Products and Services	Bank of America Merrill Lynch	290.32
Media and Entertainment	JP Morgan	277.47
Consumer Staples	JP Morgan	164.65
Retail	Bank of America Merrill Lynch	148.92
Telecommunications	Morgan Stanley	145.07

Data from Jan 1 2019 - Sep 25 2019 and Jan 1 2018 - Sep 25 2018 Data as of Sep 25 2019

Top performing IB groups by global deal volume through 9/19 (Source: FT)

Factor 3: Success of the firm

At the end of each year, investment banks set aside a % of the revenue generated by the firm for employee compensation. The better a firm does, the larger the overall bonus pool becomes and the happier everyone gets. When, on the other hand, a firm's revenue is lagging, they have to make the decision about [whether to cut bonuses and face possible defections](#).

US Announced Deals (Any Involvement)

FIRM	2019			2018		
	RANK	MKT SHR (%)	VOLUME USD (Mln)	RANK	MKT SHR (%)	MKT SHR CHANGE
JPMorgan Chase & Co	1	41.4	518,215	3	31.5	▲ 9.9
Goldman Sachs & Co LLC	2	38.8	485,886	2	35.9	▲ 2.9
Morgan Stanley	3	33.8	422,475	1	38.2	▼ -4.4
Citigroup Inc	4	27.0	337,538	5	19.9	▲ 7.1
Evercore Inc	5	26.7	333,876	4	22.1	▲ 4.6
Bank of America Corp	6	19.3	240,978	9	13.5	▲ 5.8
PJT Partners Inc	7	11.6	144,824	11	9.7	▲ 1.9
Credit Suisse Group AG	8	11.1	139,349	8	13.7	▼ -2.6
RBC Capital Markets	9	11.1	138,978	17	4.5	▲ 6.6
Barclays PLC	10	9.7	121,987	6	16.8	▼ -7.0
Jefferies LLC	11	8.2	102,822	20	3.4	▲ 4.8
Dyal Co LLC	12	7.1	88,848	1	0.8	▲ 6.3
Centerview Partners LLC	13	6.7	84,152	7	15.6	▼ -8.9
Deutsche Bank AG	14	5.7	71,103	12	8.2	▼ -2.6
Lazard Ltd	15	5.4	67,524	10	12.0	▼ -6.6
Wells Fargo & Co	16	4.1	51,408	14	5.8	▼ -1.7
Moelis & Co	17	3.1	38,959	23	2.3	▲ 0.8
Allen & Co Inc	18	2.8	35,213	4	0.3	▲ 2.5
Macquarie Group Ltd	19	2.6	32,882	27	1.5	▲ 1.1
Guggenheim Capital LLC	20	2.5	31,362	22	3.2	▼ -0.7
TOTAL			1,251,902			1,288,298

01/01/2019 - 06/30/2019

Top investment banks, by M&A deal volume, first half 2019 (source: Bloomberg)

Factor 4: The type of firm

Not all investment banks are the same. Some work on multi billion dollar deals and exist within a massive global financial institution (bulge bracket firms like Goldman Sachs, Morgan Stanley and JP Morgan), others work on equally massive deals but focus solely on investment banking M&A advisory (elite boutiques like Evercore, Lazard and Guggenheim). Still others are focused on the middle market. While you can slice these in a variety of ways, compensation is generally fairly well defined at the most "elite" firms:

- **Elite Boutiques** - Generally pay the most. For example, while the standard first year analyst base is currently \$85,000, some (but not all) elite boutiques have started offering \$95,000 for new analysts.
- **Bulge Brackets** & Elite Middle Market Investment Banks - These firms are all generally clustered around the same base comp for analysts, with bonus variation based on the factors we described above.
- **Regional middle market investment banks** - These firms tend to be on the lower end of the comp scale, but still fairly close in order to stay competitive in the recruiting process. Firms that cannot afford the high base and comp generally make up for it with a much better lifestyle (i.e. fewer hours).

Investment Banking Career Path

As banks increasingly struggle to retain [analysts who opt for private equity](#) (despite the [more relaxed dress code](#)), fewer analysts are staying through their second year, let alone the third year. Increasingly, analysts that do stay are getting promoted directly to associate (going "A to A") after two years.

As an associate, [compensation rises significantly](#). The next level up is Vice President, which can make upwards of 500k. Highest on the food chain is the Managing Director, who makes anywhere from 500k to several million dollars.

Investment Banking Associate Salary Guide

Updated figures for base and bonus investment banking salaries for IB Associates in New York and London

Investment banking associates are typically hired after business school. The investment banking associate salary is comprised of a base and a bonus. For a first year investment banking associate in New York City the base salary is \$150,000, and associates will receive a year end bonus in the range of \$90,000-\$120,000. Absolute top performers will get a bonus as high as \$130,000.



The all in comp for most 1st year associates thus comes to around **\$240,000-\$270,000**.

For competitive reasons, base salaries are fairly standard during all 3 years at [most investment banks](#) at \$150k, \$175k, \$200k for year 1, year 2, and year 3, respectively. Meanwhile, bonus disparity based on associate performance grows over time. All in comp is usually just a bit lower at large middle market investment banks, but can get considerably lower at small [regional firms](#) outside of New York. Elite [boutiques](#) generally pay in line or better than bulge brackets.

Below is a table summarizing average compensation for stub year, 1st year, 2nd year and 3rd year associates.

A NOTE ON THE STUB YEAR

Associates usually arrive in the summer after completing business school. Instead of paying the bonus 12 months later, banks pay associates (and analysts) their bonus for just the next 5 months ("stub bonus") to reset them to a December 31 calendar year end. Bonuses for the past year are usually communicated January and February ("bonus season").

Investment banking associate salary in New York

Position	Base Salary	Bonus	All-in Comp
Stub year Associate	<ul style="list-style-type: none"> \$150,000 (pro rated for stub) Up to \$60,000 signing / relocation bonuses Lower at smaller regional middle market firms 	<ul style="list-style-type: none"> \$30,000-\$40,000 stub bonus paid in Jan/Feb Bonus has less variance than later on because there hasn't been enough time to gauge associate performance 	NM due to stub period
1st Year Associate	<ul style="list-style-type: none"> \$150,000 Adjust down a bit smaller regional middle market firms 	<p>Low: \$90,000</p> <p>Mid: \$110,000</p> <p>High: \$130,000</p>	<p>\$240,000</p> <p>-</p> <p>\$270,000</p>
2nd Year Associate	<ul style="list-style-type: none"> \$175,000 Some going to \$200,000 but in lieu of lower bonus 	<p>Low: \$100,000</p> <p>Mid: \$140,000 - \$180,000</p> <p>High: \$215,000</p>	<p>\$275,000</p> <p>-</p> <p>\$270,000</p>
3rd Year Associate	<ul style="list-style-type: none"> \$200,000 Some going to \$225,000 in lieu of lower bonus 	<p>Low: \$130,000</p> <p>Mid: \$180,000 - \$220,000</p> <p>High: \$250,000</p>	<p>\$320,000</p> <p>-</p> <p>\$450,000</p>

Investment banking associate salary in London and Europe

As is the case in the United States, investment banking associate base salaries don't vary too much from firm to firm: Stub year associates receive £80k, followed by £95k, £105k, £120k for year 1, year 2, and year 3, respectively.

As you can see from the table below, some bonus disparity exists across firms as well as based on associate performance. All in comp is usually a bit lower at large middle market investment banks, and slightly higher or in line at Elite boutiques.

Position	Base Salary	Bonus	All-in Comp
Stub year Associate	<ul style="list-style-type: none"> £80,000 is the “standard” Up to £30,000 signing bonus 	<ul style="list-style-type: none"> £25,000-£30,000 stub bonus paid in Jan/Feb 	£105,000 - £110,000 (Excluding signing bonus)
1st Year Associate	<ul style="list-style-type: none"> £95,000 is the “standard” 	Low: £60,000 Mid: £70,000 High: £85,000	£160,000 - £165,000
2nd Year Associate	<ul style="list-style-type: none"> £105,000 	Low: £85,000 Mid: £95,000 High: £110,000	£190,000 - £215,000
3rd Year Associate	<ul style="list-style-type: none"> £120,000 	Low: £90,000 Mid: £110,000 High: £130,000	£210,000 - £250,000

Why are bonuses variable?

The bonus component is a function of individual performance and group/firm performance. What this means is that you could be a rock star, but if your group/firm is not closing deals and bringing in revenue, your bonus component will suffer. And, unfortunately, during times when deals are not happening, the work load doesn't necessarily die down. You are always pitching with the aim of closing deals even in bad markets, so in slower economic cycles when bonuses decline across the board, being an investment banker becomes less appealing given the grueling hours.

Investment Banking Vice President Salary

Updated figures for base and bonus investment banking salaries for IB Vice Presidents

Investment banking Vice Presidents are the next step after associate and before director in the [investment banking career path](#) and earn base compensation of \$225,000 - \$250,000, with bonuses ranging from \$200,000 to \$400,000 at the large investment banks and elite boutiques.

The all in comp for 1st year VPs comes to around **\$400,000-\$600,000**.



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Investment Banking Director Salary

Base and bonus investment banking salaries for IB Directors

The Investment Banking Director Salary ranges between **\$500,000-\$700,000** at most large (["bulge bracket" investment banks](#)) and [elite boutiques](#). The all-in comp is comprised of a base and bonus component:

- **Base salary:** \$275,000 at most bulge bracket and elite boutiques
- **Bonus:** ~\$400,000 (plus or minus \$75,000 based on individual, group and firm performance)



Directors are almost at the top of the [food chain in investment banking](#), sitting above Vice Presidents and below the almighty Managing Director.

Investment Banking Managing Director Salary

Base and bonus figures for the almighty Investment Banking Managing Directors

Managing Directors are at the top of the [investment banking food chain](#). They are responsible for relationship building with clients and revenue generation for the firm. The investment banking managing director salary (all-in comp) ranges from just under \$1 million to several million dollars. This compensation is comprised of both a base and bonus component:

- **Base salary:** \$350,000-\$600,000 at most [bulge bracket](#) and [boutique investment banks](#).
- **Bonus:** can range from 100% - 200% of base for all in comp anywhere between just under \$1 million to \$2 million. Meanwhile, seasoned MDs can make significantly more based on revenue they've generated for the firm.



An MD earning significantly **less than \$1 million** at a competitive group in a solid investment bank is **considered to be doing poorly**.

Why the huge bonus range? Unlike the more junior staff (analysts, associates) and the mid level staff (VPs and Directors), the large bulk of Managing Director compensation comes in the form of a bonus which is largely depended on how much business the MD has brought in. To reflect the importance of performance at the MD ranks, Goldman announced a few years ago that it would no longer guarantee its [Managing Directors a minimum salary of \\$500,000](#).

Also, not every MD gets this kind of money

While larger, ("elite") [middle market](#) firms are usually under but still in the ballpark of bulge bracket managing director salary ranges, compensation can be significantly lower at smaller regional middle market firms.