THE ECONOMIC IMPACT OF FSI MEMBERS

FINANCIAL SERVICES INSTITUTE
VOICE OF INDEPENDENT FINANCIAL SERVICES FIRMS AND INDEPENDENT FINANCIAL ADVISORS

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The modeling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

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EXECUTIVE SUMMARY

The Financial Services Institute (FSI) represents the independent financial services industry and independent financial advisors. Independent financial advisors are small business owners, often self-employed contractors, who predominately live and work in small to mid-sized communities throughout the United States. In this report we examine the large impact that FSI member firms have on national and state economies throughout the United States and explore demographic and community characteristics of the independent financial services workforce.

Our research found that FSI members support 408,000 jobs nationwide. Of these nearly 187,000 are directly employed or affiliated with FSI members. When multiplier effects are considered we calculate that an additional 221,000 jobs are generated as FSI business activity spills over to other industries and sectors. The result is that each FSI member supports 1.2 additional jobs throughout the broader economy. While most positions supported by FSI are in the financial sector, 45% are not. For example, when full spillover effects are considered, economic activity generated by FSI members contributes to 36,000 jobs in health, education and government—sectors not typically associated with the financial industry. Detail on how FSI members' economic impact benefits a wide range of other industries is presented in the chapters that follow.

FSI's impact includes

408,000
total jobs

Each FSI member employee and affiliated advisor supports an additional 1.2 jobs in the broader economy.

Figure 1: 408,000 jobs broadly distributed

Source: Oxford Economics, IMPLAN

Economic activity supported by FSI members adds $35.7 billion to US GDP. This in turn generates substantial tax revenue for government at all levels: national, state, and local.

Figure 2: FSI members' tax contribution

Total taxes: $7.2 billion

Source: Oxford Economics, IMPLAN

The economic impact of FSI members is widely distributed among all 50 states (plus Washington D.C.) mainly because independent financial advisors have a different demographic profile than others working in the financial services industry. Independent financial advisors are more likely to be veterans, live and work in the same community, and be more highly educated than their counterpart financial advisors working in other segments of the industry. As a result, the economic impact of independent financial advisors is proportionately bigger in many less populated states such as Montana, Maine, and Iowa.

FSI members are working hard to increase diversity and inclusion in their workplaces, which are disproportionately White and male. Four-fifths (80%) of self-employed financial advisors are male. FSI member companies are working to increase the pool of potential Black and women applicants even before they enter the workforce and are proactively working to address other societal challenges as well including those confronting military families.

FSI member activity contributes

$35.7 billion

to US GDP

and generates

$7.2 billion

in TAX REVENUE

1. INTRODUCTION

The Financial Services Institute (FSI) is the only organization advocating solely on behalf of independent financial advisors and the independent financial services industry. FSI represents 85 independent financial services firm members and their approximately 140,000 affiliated financial advisors—which comprise more than half of all producing registered representatives in the United States. Financial advisors provide investment advisory services and are engaged in the sale of a variety of financial products including mutual funds, ETFs, and variable life insurance and annuity products. Often advisors operate as storefront businesses on the main streets of small to mid-sized cities throughout the United States.

FSI commissioned this report and asked Oxford Economics to calculate the economic impact that its members generate at the national and state levels. Our data sources combined information obtained directly from FSI members regarding operational expenditures and revenue at their firms, data published by US government agencies, and data sources attributable to the Financial Industry Regulatory Authority (FINRA), which regulates professional financial advisors. More detail on our methodology is provided in Appendix C. Findings presented are based on calendar year 2019 data, unless otherwise noted.

Oxford Economics quantified the economic contribution of the independent financial services community that is represented by FSI using an economic impact analysis calculated at the national and state levels. This technique is explained and illustrated in the text box below and describes total economic impact by its three components: direct, indirect, and induced. This allows us to better understand how economic benefit expands from FSI members to include the businesses that support the operations of the independent financial services industry, as well as the spillover into the broader economy. The outputs that we calculate are expressed in terms of jobs, GDP, income, and taxes supported by the economic activity generated by FSI members.

AN INTRODUCTION TO ECONOMIC IMPACT ANALYSIS

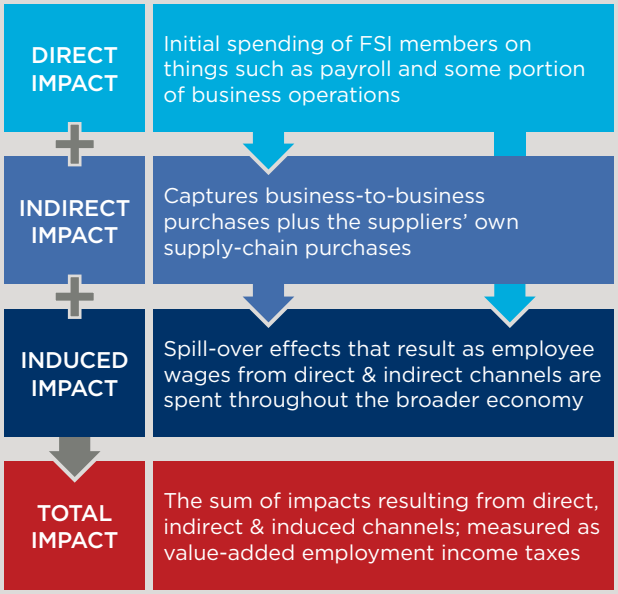
Economic impact results were calculated using an input-output model which is standard in economics when measuring interdependencies between different sectors within an economy. In describing our results, we refer to the following three "channels" of economic activity:

Direct: These are the jobs and activity directly attributable to FSI members and affiliated independent financial advisors.

Indirect: Measures the employment and value-added contribution attributable to the business to business purchases made by FSI members to support their business operations. This is often described as the "supply-chain" that supports FSI members' business operations.

Induced: The spill-over effects that result as FSI businesses and employees plus those of their suppliers spend their wages and earnings throughout the broader economy.

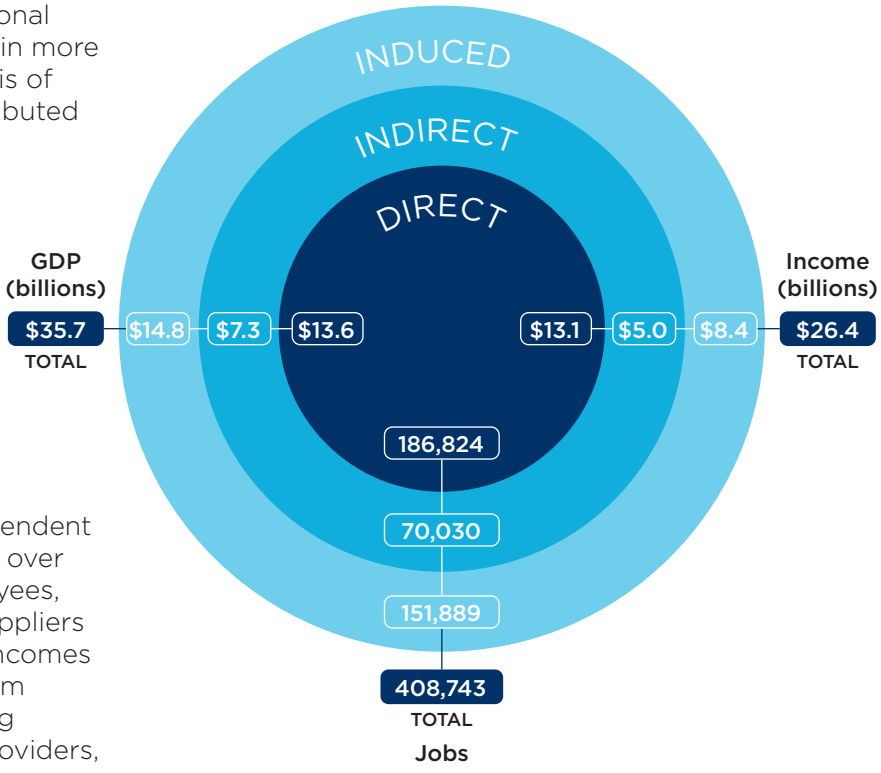
The following schematic depicts the relationship among these three channels:



2. NATIONAL ECONOMIC IMPACT

In this chapter we explore the national economic impact of FSI members in more detail including an in-depth analysis of how that economic impact is distributed throughout the broader economy.

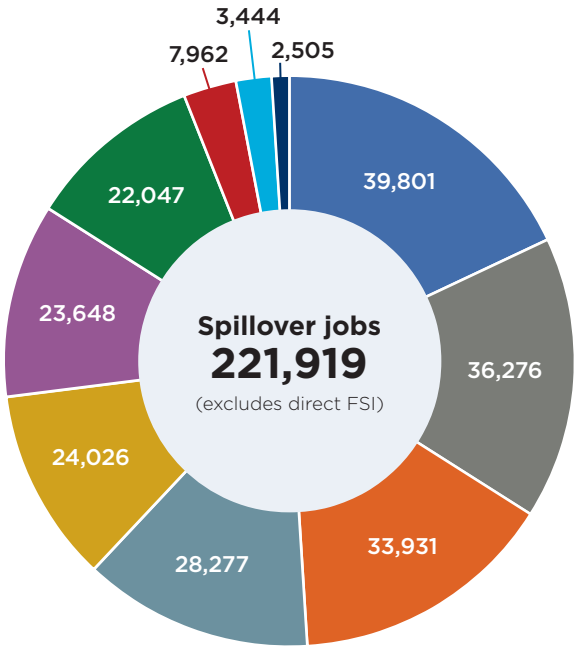
Figure 3:
How FSI members' economic impact expands



Source: Oxford Economics, IMPLAN

The economic impact of the independent financial services community spills over to the broader economy as employees, affiliated financial advisors, and suppliers to FSI member firms spend their incomes purchasing goods and services from a wide range of industries including restaurants, utilities, health care providers, etc. these spillover purchases support jobs in these other sectors. As a result, FSI members directly account for 45.7% (186,824) of the total jobs included in their total economic impact with the remaining 54.3% (221,919) jobs distributed among a broad spectrum of industries.

Figure 4: Spillover jobs contribution by sector (excludes direct FSI)



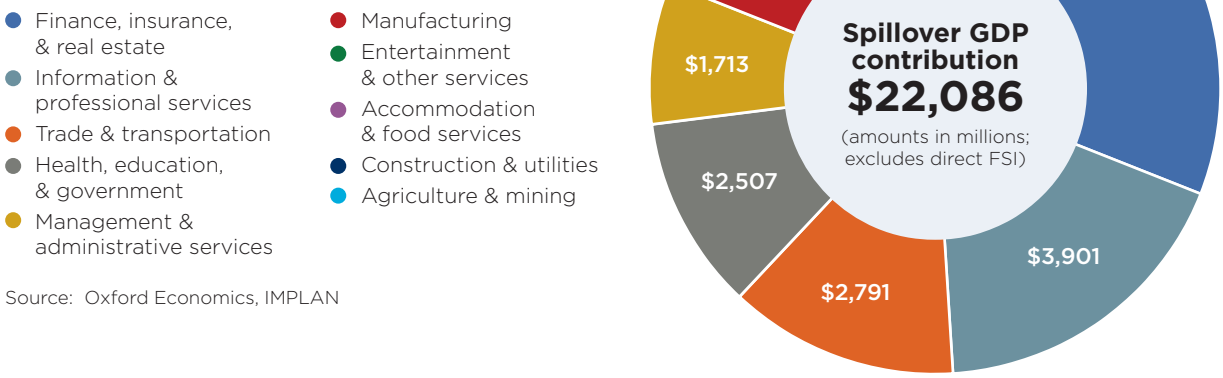
- Finance, insurance, & real estate
- Health, education, & government
- Trade & transportation
- Information & professional services
- Management & administrative services
- Accommodation & food services
- Entertainment & other services
- Manufacturing
- Agriculture & mining
- Construction & utilities

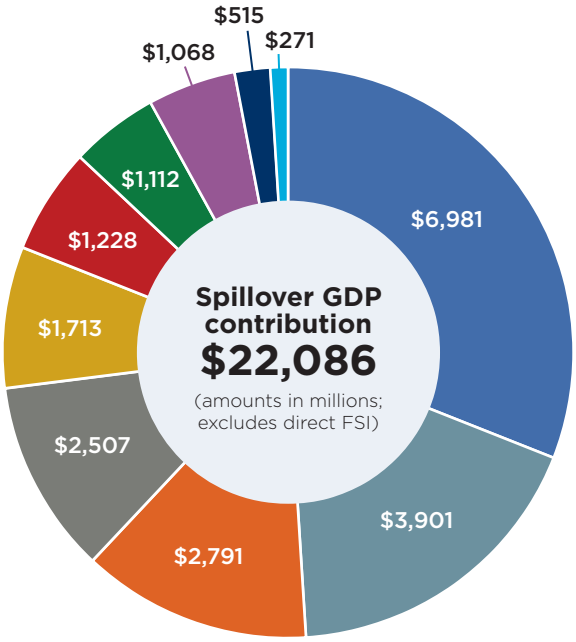
Source: Oxford Economics, IMPLAN

Economic activity generated by FSI members adds $35.7 billion to national GDP and upon examination one sees that this contribution spills over even more broadly than did the jobs contribution throughout the economy. In Figure 3 we saw that FSI members directly added $13.6 billion to national GDP (or 38% of the total GDP contribution). Figure 5 (below) illustrates how the remaining $22.1 billion in GDP contribution gets distributed among key sectors in the economy.

Dispersion among industries is one important measure of how the economic impact of FSI members flows to all sectors of the economy. In the next chapter, we examine how the economic contribution gets geographically dispersed, supporting jobs, generating economic activity and increasing tax revenue in all 50 states (plus Washington, DC).

Figure 5: Spillover GDP contribution by sector (excludes direct FSI), amounts in millions





Source: Oxford Economics, IMPLAN

3. ECONOMIC IMPACT IN EVERY STATE

The economic impact of the independent financial service industry reaches every state. Some FSI member firms have significant independent broker-dealer and corporate operations in states hosting large financial clusters and most have at their core a network of affiliated financial advisors operating as small independent businesses located in small to mid-sized communities throughout the country. As a result, the biggest jobs impacts (measured in absolute terms) are felt in some of the nation's most populated states. However, the biggest proportional jobs impact of FSI members are found in less populated states. Proportional impacts are calculated by examining the jobs contribution of FSI members in each state to the total number of jobs found in the other financial investment activities industry in each state.[1] This calculation helps us approximate the proportion of FSI member supported jobs to (comparable) total industry jobs found in each state.

Figure 6: Two ways to measure FSI member jobs contribution

Absolute FSI MEMBER JOBS		Proportional FSI JOBS AS % OF INDUSTRY TOTAL	
California	19,300	Montana	80%
Texas	18,720	Maine	73%
Florida	11,621	Iowa	72%
New York	10,774	Wyoming	63%
Massachusetts	9,074	Arkansas	62%
Pennsylvania	8,980	Hawaii	61%
Ohio	7,592	North Dakota	59%
Iowa	6,309	Idaho	58%
Illinois	5,194	Alabama	56%
Colorado	5,100	Mississippi	56%

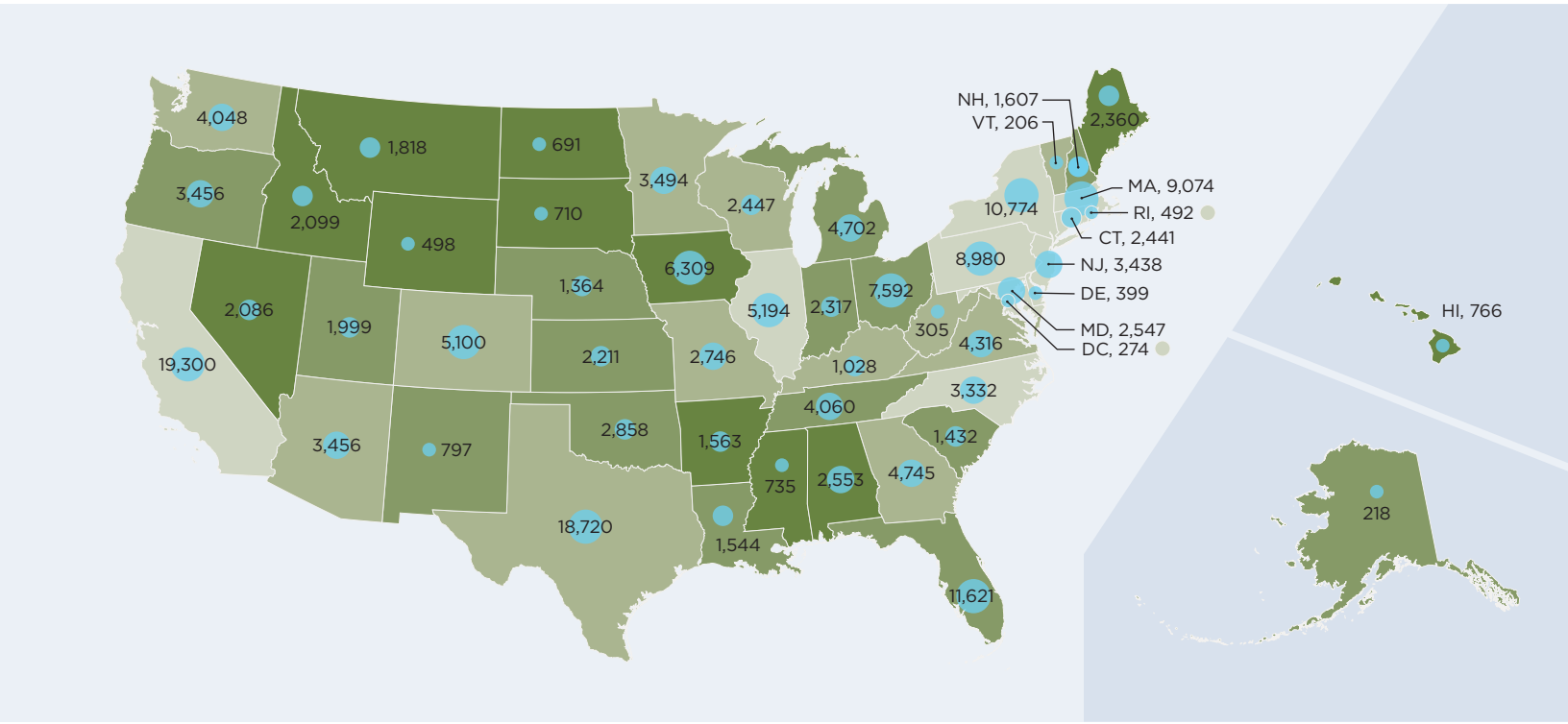
Source Oxford Economics, IMPLAN

[1] FSI share of industry jobs reflects the percentage of FSI direct employment relative to the sum of FSI employment and total *wage and salary* (i.e. not self-employed) employment in the Other Financial Investment Activities industry (NAICS code 5239), which includes Portfolio Management and Investment Advice. Industry employment is sourced from IMPLAN, which is based primarily on the Quarterly Census of Employment and Wages (QCEW). Note that, since FSI employment includes some wage and salary workers, this estimate will somewhat understate FSI's share of total industry employment.

A by-state summary of the jobs impact in each state is illustrated in the map below. Detail on the total economic impact for each state is included in Appendix A to this report.

Figure 7:
The jobs impact of FSI members by state

Source: Oxford Economics



4. WHO ARE INDEPENDENT FINANCIAL ADVISORS?

Self-employed financial advisors operating small businesses on Main Streets throughout the United States are the backbone of the independent financial services industry. On average, independent advisors live and work in the same community with an average commute time of less than 30 minutes—helping to disburse FSI's economic impact at the community-level. In this chapter, we explore the demographic characteristics of self-employed financial advisors and highlight examples of recent initiatives by FSI members to increase diversity in their workplaces and involvement in their communities, and to better serve our veterans and active service members. "We see this work not as a 'a nice to have,' but as a business imperative" says Scarlett Abraham Clarke, Chief Diversity Officer, Commonwealth Financial Network.

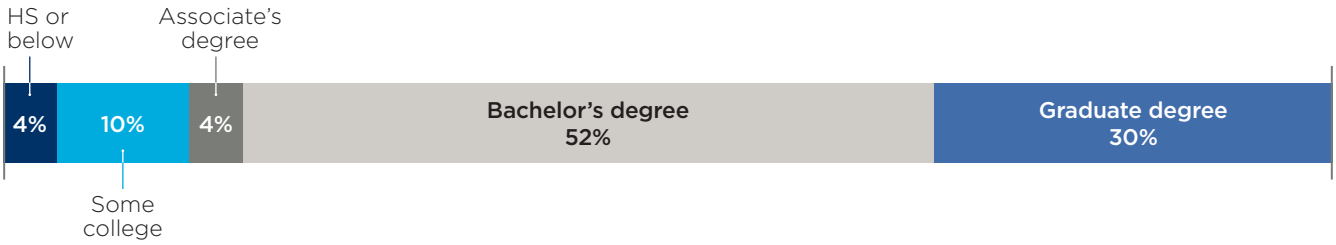
The training required to become a financial advisor is substantial, and independent financial advisors have the added complexity of operating highly regulated small businesses. To prepare for these challenges, the majority of independent financial advisors have earned a bachelor's or graduate degree and continue with their personal training and professional development well beyond university or college. For example, most FSI members have obtained one or more the industry licenses required by the Financial Industry Regulatory Authority before financial advisors may offer advice on many financial products, services, and regulations. According to the FSI Financial Advisor Profile, its member and affiliated financial advisors hold the following professional licenses: Series 7 (79%), Series 6 (43%), Series 65 (33%), and Series 66 (18%).

Living and working in the community

On average, independent financial advisors have commutes of

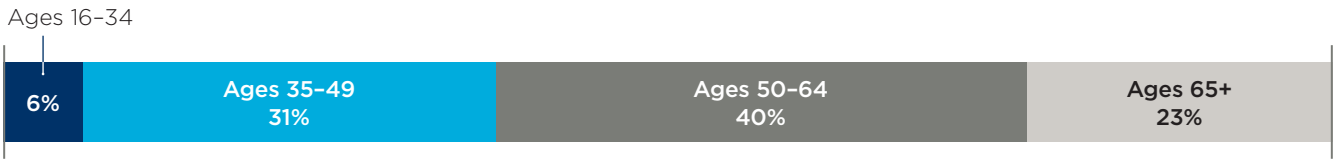
less than 30 minutes

Figure 8: Degrees earned by self-employed financial advisors



Source: ACS, Oxford Economics

Figure 9: Self-employed financial advisors are older and experienced.



Source: Oxford Economics

In large part due to the significant training and experience required before one can establish one's own financial advisory business, independent financial advisors tend to be older. In fact, nearly two thirds are over the age of 50.

One challenge that FSI members are working hard to address is to increase diversity and inclusion in their workplaces which are disproportionately White and male. Ms. Clarke of Commonwealth notes that improving diversity and inclusion in the financial industry will take a commitment to action. Commonwealth, for example, has new initiatives underway to increase the diversity of participants in its internship program and to strengthen each participant's long-term engagement with the company.

Raymond James is another FSI member working to address racial imbalance in its workforce. In 2015 Raymond James established the Black Financial Advisors Network (BFAN) to improve recruitment, training and retention of Black financial advisors. The BFAN leverages resources at Raymond James to develop and implement customized educational programs, professional development opportunities, and mentorships. And as the text box on this page describes, Raymond James is working to increase the pool of potential Black applicants even before they enter the workforce.

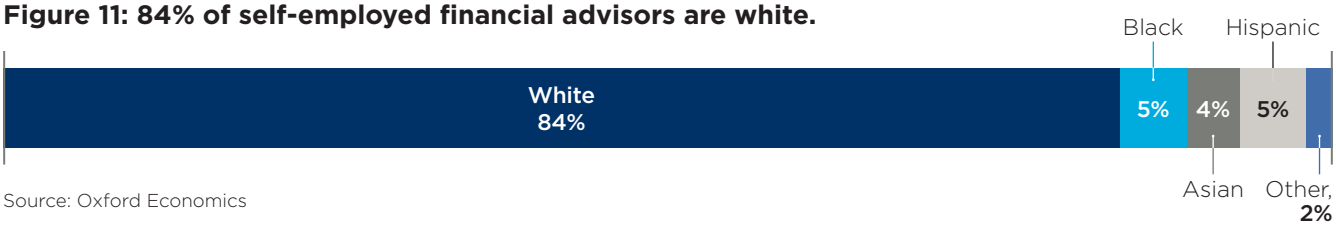
Figure 10: 80% of self-employed financial advisors are men.

Source: Oxford Economics

EXPANDING THE PIPELINE OF DIVERSE CANDIDATES

Increasing gender diversity in the financial guidance profession is not a new priority at Cetera's family of broker/dealers and this year FSI member Cetera renewed its commitment to expand its pipeline of diverse candidates. Among various initiatives recently launched to meet this objective, Caring Cetera (the firm's advisor-led charitable foundation) launched a new scholarship program targeted toward college students from diverse populations (including women) who enroll in financial planning degree programs. Those scholarship recipients will have access to expanded new-entrant and mentoring opportunities designed to support their career development. "Our goal is to become known as a community where everyone feels like they belong," explained Jeannie Finkel, Cetera's Chief Human Resources Officer.

Figure 11: 84% of self-employed financial advisors are white.



Source: Oxford Economics

STRENGTHENING RELATIONSHIPS IN THE BLACK COMMUNITY

In response to social racial unrest, Raymond James began in 2020 to coordinate the efforts of its Corporate Responsibility (philanthropic) and Diversity and Inclusion teams. The objective is to focus more resources on the needs of Black residents in the communities where Raymond James' employees live and work. The most significant area of the new inter-team alignment is a renewed focus on improving educational opportunities for young Black students in Florida and around the country. The effort combines financial support to institutions with a track record of proven success in providing opportunities to under-represented communities, specifically within the Black communities. In addition to the financial support, Raymond James' encourages associates to volunteer and participate in a variety of financial education initiatives designed to serve the Black communities.

Source: Pedro Suriel, Vice President, Diversity and Inclusion at Raymond James

FSI members are proactively working to promote financial literacy, particularly among military families. For example, in 2018, the Department of Defense introduced the Blended Retirement System (BRS) which significantly altered the military pension system. Specifically, the BRS reduced guaranteed pension benefits (previously the bedrock of military pensions) with new incentives for service members to make up the difference with self-directed investments. The result is that young service members are now responsible for self-funding large portions of their individual retirement savings. Independent financial advisors, 11% of whom are veterans, are particularly attuned to the challenge this presents.

11%

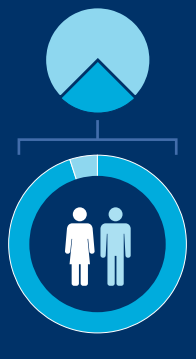
of self-employed financial advisors are veterans.

In response, FSI member First Command (through its foundation) has developed and is implementing "Take Command," an educational curriculum designed to provide service members with the skills and competencies needed to meet this new challenge. The program is offered on-line and in modules structured to accommodate the demanding schedules of service members. Financial literacy is particularly important in the military because financial and job security are linked. Financial difficulties can result in the loss of the security clearance required for many assignments. First Command programs are designed to develop in service members the skills necessary to build and maintain a solid financial footing. In addition, Mr. Scott Spiker, Chairman of First Command notes that 25% of First Command's recent hires are military spouses and of these 95% of are women.

25%

of First Command's recent hires are military spouses.

Of these, 95% are women.



5. CONCLUSION

FSI is the representative voice of the independent financial services industry which has at its core small independently owned financial advisory businesses operating on Main Streets throughout the United States. As a result of this widespread geographic dispersion, FSI members make a significant economic contribution in all 50 states and their economic impact is disproportionately largest in many of the states that are least populated. At the national level, FSI members support 408,000 jobs, $26.4 billion in income and contribute $35.7 billion to our national GDP.

FSI members directly employ 186,000 people including their affiliated financial advisors. When spillover effects are considered an additional 222,000 jobs are supported by the economic activity generated by FSI members. Most of these additional jobs are in industries not commonly associated with finance such as restaurants, retail and health care. Because independent financial advisors live and work in communities throughout the country, these jobs gains are broadly dispersed. More detail on the industry breakout and geographic dispersion of FSI members' economic impact at both the national and state-levels is included in the appendices that follow.

Independent financial advisors serve their communities in other important ways, too. For example, 11% are military veterans. In addition to being highly educated, financial advisors currently tend to be disproportionately White and male. FSI members have responded to this situation by working hard to increase diversity among their employees and affiliated advisors, and as illustrated in this report, these efforts begin early. In some instances, newly introduced diversity and inclusion programs include support for students from underrepresented communities while they are still in college (or even earlier). In addition, expanded diversity networks at many FSI member companies provide ongoing support for women, Black, and LGBTQ financial advisors to help ensure that, once recruited, these advisors have successful and long-lasting careers.

In addition to their substantial economic impact as measured by the jobs, GDP and income described in this report, FSI members and their affiliated independent financial advisors are proactively working to make their communities better and their workforces more diverse.

The bottom line

FSI members' economic impact:

JOBS

408,000

INCOME

$26.4 billion

US GDP

$35.7 billion

APPENDIX A: STATE-LEVEL IMPACTS

* = Less than $1 million

ALABAMA	Direct	Indirect	Induced	Total
Employment	2,553	846	1,812	5,211
GDP ($mil)	$189	$69	$149	$407
Income ($mil)	$182	$45	$81	$308
State & local taxes ($mil)				$23

ALASKA	Direct	Indirect	Induced	Total
Employment	218	88	159	465
GDP ($mil)	$16	$11	$21	$48
Income ($mil)	$15	$5	$9	$30
State & local taxes ($mil)				$2

ARIZONA	Direct	Indirect	Induced	Total
Employment	3,456	1,479	2,847	7,782
GDP ($mil)	$217	$127	$255	$598
Income ($mil)	$207	$83	$143	$432
State & local taxes ($mil)				$36

ARKANSAS	Direct	Indirect	Induced	Total
Employment	1,563	506	887	2,956
GDP ($mil)	$73	$36	$72	$181
Income ($mil)	$69	$26	$40	$135
State & local taxes ($mil)				$9

CALIFORNIA	Direct	Indirect	Induced	Total
Employment	19,300	7,538	13,939	40,777
GDP ($mil)	$1,120	$937	$1,632	$3,688
Income ($mil)	$1,068	$619	$904	$2,591
State & local taxes ($mil)				$272

COLORADO	Direct	Indirect	Induced	Total
Employment	5,100	1,898	3,466	10,464
GDP ($mil)	$317	$172	$320	$809
Income ($mil)	$303	$122	$181	$605
State & local taxes ($mil)				$48

CONNECTICUT	Direct	Indirect	Induced	Total
Employment	2,441	817	2,265	5,523
GDP ($mil)	$269	$98	$251	$619
Income ($mil)	$263	$72	$147	$482
State & local taxes ($mil)				$44

* = Less than $1 million

DELAWARE	Direct	Indirect	Induced	Total
Employment	399	188	443	1,030
GDP ($mil)	$35	$36	$52	$124
Income ($mil)	$34	$15	$26	$75
State & local taxes ($mil)				$8

DISTRICT OF COLUMBIA	Direct	Indirect	Induced	Total
Employment	274	367	406	1,047
GDP ($mil)	$28	$99	$58	$185
Income ($mil)	$27	$57	$40	$125
State & local taxes ($mil)				$13

FLORIDA	Direct	Indirect	Induced	Total
Employment	11,621	4,808	9,926	26,355
GDP ($mil)	$842	$390	$837	$2,069
Income ($mil)	$810	$264	$460	$1,535
State & local taxes ($mil)				$113

GEORGIA	Direct	Indirect	Induced	Total
Employment	4,745	2,088	4,495	11,329
GDP ($mil)	$350	$219	$415	$985
Income ($mil)	$337	$134	$223	$694
State & local taxes ($mil)				$57

HAWAII	Direct	Indirect	Induced	Total
Employment	766	354	514	1,634
GDP ($mil)	$52	$35	$50	$137
Income ($mil)	$50	$18	$26	$94
State & local taxes ($mil)				$12

IDAHO	Direct	Indirect	Induced	Total
Employment	2,099	634	1,019	3,752
GDP ($mil)	$104	$38	$77	$219
Income ($mil)	$98	$28	$44	$170
State & local taxes ($mil)				$16

ILLINOIS	Direct	Indirect	Induced	Total
Employment	5,194	2,279	5,564	13,037
GDP ($mil)	$407	$272	$575	$1,254
Income ($mil)	$393	$185	$326	$904
State & local taxes ($mil)				$88

INDIANA	Direct	Indirect	Induced	Total
Employment	2,317	758	2,314	5,388
GDP ($mil)	$186	$62	$207	$456
Income ($mil)	$180	$45	$119	$343
State & local taxes ($mil)				$22

* = Less than $1 million

IOWA	Direct	Indirect	Induced	Total
Employment	6,309	1,690	2,761	10,760
GDP ($mil)	$295	$110	$223	$629
Income ($mil)	$278	$90	$122	$490
State & local taxes ($mil)				$9

KANSAS	Direct	Indirect	Induced	Total
Employment	2,211	748	1,654	4,613
GDP ($mil)	$175	$52	$141	$367
Income ($mil)	$169	$42	$78	$290
State & local taxes ($mil)				$13

KENTUCKY	Direct	Indirect	Induced	Total
Employment	1,028	417	1,019	2,464
GDP ($mil)	$64	$33	$86	$183
Income ($mil)	$61	$23	$49	$133
State & local taxes ($mil)				$12

LOUISIANA	Direct	Indirect	Induced	Total
Employment	1,544	561	1,380	3,485
GDP ($mil)	$128	$54	$136	$317
Income ($mil)	$123	$30	$64	$217
State & local taxes ($mil)				$18

MAINE	Direct	Indirect	Induced	Total
Employment	2,360	687	1,576	4,623
GDP ($mil)	$157	$52	$124	$333
Income ($mil)	$150	$36	$70	$257
State & local taxes ($mil)				$24

MARYLAND	Direct	Indirect	Induced	Total
Employment	2,547	1,059	2,341	5,948
GDP ($mil)	$215	$109	$239	$563
Income ($mil)	$209	$78	$135	$421
State & local taxes ($mil)				$43

MASSACHUSETTS	Direct	Indirect	Induced	Total
Employment	9,074	2,688	8,521	20,283
GDP ($mil)	$999	$348	$895	$2,241
Income ($mil)	$974	$253	$550	$1,777
State & local taxes ($mil)				$133

MICHIGAN	Direct	Indirect	Induced	Total
Employment	4,702	1,544	4,230	10,476
GDP ($mil)	$382	$130	$362	$875
Income ($mil)	$370	$95	$212	$677
State & local taxes ($mil)				$53

* = Less than $1 million

MINNESOTA	Direct	Indirect	Induced	Total
Employment	3,494	1,256	3,503	8,253
GDP ($mil)	$293	$124	$321	$738
Income ($mil)	$283	$96	$194	$572
State & local taxes ($mil)				$47

MISSISSIPPI	Direct	Indirect	Induced	Total
Employment	735	271	627	1,633
GDP ($mil)	$53	$18	$49	$119
Income ($mil)	$51	$11	$25	$87
State & local taxes ($mil)				$7

MISSOURI	Direct	Indirect	Induced	Total
Employment	2,746	1,054	2,172	5,972
GDP ($mil)	$144	$98	$183	$425
Income ($mil)	$137	$70	$107	$314
State & local taxes ($mil)				$21

MONTANA	Direct	Indirect	Induced	Total
Employment	1,818	2,220	1,381	5,419
GDP ($mil)	$91	$135	$97	$322
Income ($mil)	$86	$93	$57	$236
State & local taxes ($mil)				$14

NEBRASKA	Direct	Indirect	Induced	Total
Employment	1,364	455	1,107	2,926
GDP ($mil)	$104	$33	$100	$237
Income ($mil)	$100	$27	$56	$182
State & local taxes ($mil)				$6

NEVADA	Direct	Indirect	Induced	Total
Employment	2,086	806	1,072	3,964
GDP ($mil)	$93	$70	$100	$262
Income ($mil)	$87	$41	$52	$180
State & local taxes ($mil)				$17

NEW HAMPSHIRE	Direct	Indirect	Induced	Total
Employment	1,607	476	1,118	3,201
GDP ($mil)	$119	$48	$105	$272
Income ($mil)	$115	$34	$62	$210
State & local taxes ($mil)				$13

NEW JERSEY	Direct	Indirect	Induced	Total
Employment	3,438	1,562	3,946	8,946
GDP ($mil)	$331	$175	$430	$936
Income ($mil)	$321	$131	$256	$709
State & local taxes ($mil)				$69

* = Less than $1 million

NEW MEXICO	Direct	Indirect	Induced	Total
Employment	797	225	574	1,596
GDP ($mil)	$62	$18	$47	$127
Income ($mil)	$60	$10	$24	$94
State & local taxes ($mil)				$7

NEW YORK	Direct	Indirect	Induced	Total
Employment	10,774	4,442	10,127	25,343
GDP ($mil)	$874	$872	$1,273	$3,018
Income ($mil)	$845	$573	$742	$2,159
State & local taxes ($mil)				$265

NORTH CAROLINA	Direct	Indirect	Induced	Total
Employment	3,332	1,541	3,792	8,665
GDP ($mil)	$352	$158	$336	$846
Income ($mil)	$343	$95	$185	$623
State & local taxes ($mil)				$50

NORTH DAKOTA	Direct	Indirect	Induced	Total
Employment	691	259	451	1,401
GDP ($mil)	$47	-$6	$38	$79
Income ($mil)	$45	$14	$21	$81
State & local taxes ($mil)				*

OHIO	Direct	Indirect	Induced	Total
Employment	7,592	2,262	7,034	16,888
GDP ($mil)	$656	$224	$631	$1,510
Income ($mil)	$635	$140	$349	$1,124
State & local taxes ($mil)				$91

OKLAHOMA	Direct	Indirect	Induced	Total
Employment	2,858	886	1,351	5,095
GDP ($mil)	$125	$65	$113	$303
Income ($mil)	$117	$44	$63	$224
State & local taxes ($mil)				$15

OREGON	Direct	Indirect	Induced	Total
Employment	3,456	1,123	2,204	6,783
GDP ($mil)	$202	$101	$198	$502
Income ($mil)	$193	$69	$115	$377
State & local taxes ($mil)				$34

PENNSYLVANIA	Direct	Indirect	Induced	Total
Employment	8,980	2,758	8,118	19,856
GDP ($mil)	$758	$297	$761	$1,816
Income ($mil)	$734	$214	$462	$1,410
State & local taxes ($mil)				$113

* = Less than $1 million

RHODE ISLAND	Direct	Indirect	Induced	Total
Employment	492	201	485	1,178
GDP ($mil)	$43	$20	$44	$107
Income ($mil)	$42	$13	$25	$80
State & local taxes ($mil)				$8

SOUTH CAROLINA	Direct	Indirect	Induced	Total
Employment	1,432	625	1,360	3,417
GDP ($mil)	$102	$47	$110	$258
Income ($mil)	$98	$32	$61	$190
State & local taxes ($mil)				$17

SOUTH DAKOTA	Direct	Indirect	Induced	Total
Employment	710	232	551	1,493
GDP ($mil)	$54	$11	$46	$111
Income ($mil)	$52	$12	$26	$90
State & local taxes ($mil)				*

TENNESSEE	Direct	Indirect	Induced	Total
Employment	4,060	1,461	3,130	8,651
GDP ($mil)	$279	$131	$287	$697
Income ($mil)	$269	$93	$174	$535
State & local taxes ($mil)				$34

TEXAS	Direct	Indirect	Induced	Total
Employment	18,720	6,566	12,443	37,729
GDP ($mil)	$1,038	$641	$1,186	$2,865
Income ($mil)	$987	$435	$659	$2,081
State & local taxes ($mil)				$138

UTAH	Direct	Indirect	Induced	Total
Employment	1,999	763	1,678	4,440
GDP ($mil)	$158	$66	$145	$369
Income ($mil)	$152	$39	$77	$268
State & local taxes ($mil)				$23

VERMONT	Direct	Indirect	Induced	Total
Employment	206	72	191	469
GDP ($mil)	$16	$6	$16	$37
Income ($mil)	$15	$4	$9	$28
State & local taxes ($mil)				$3

VIRGINIA	Direct	Indirect	Induced	Total
Employment	4,316	2,095	4,324	10,735
GDP ($mil)	$417	$230	$407	$1,055
Income ($mil)	$406	$155	$226	$786
State & local taxes ($mil)				$65

* = Less than $1 million

WASHINGTON	Direct	Indirect	Induced	Total
Employment	4,048	1,338	2,495	7,881
GDP ($mil)	$271	$164	$289	$723
Income ($mil)	$260	$101	$154	$514
State & local taxes ($mil)				$42

WEST VIRGINIA	Direct	Indirect	Induced	Total
Employment	305	108	343	756
GDP ($mil)	$23	$10	$31	$64
Income ($mil)	$22	$6	$16	$45
State & local taxes ($mil)				$5

WISCONSIN	Direct	Indirect	Induced	Total
Employment	2,447	803	2,563	5,813
GDP ($mil)	$215	$70	$224	$510
Income ($mil)	$208	$49	$128	$385
State & local taxes ($mil)				$30

WYOMING	Direct	Indirect	Induced	Total
Employment	498	133	207	838
GDP ($mil)	$29	$10	$20	$59
Income ($mil)	$27	$6	$9	$42
State & local taxes ($mil)				$3

Rounding errors may occur.

APPENDIX B: DETAIL ON NATIONAL SECTOR IMPACTS

Figure 12: GDP breakout by sector and by channel ($ millions)

Sector	Direct	Indirect	Induced	Total GDP
Agriculture & mining	$0	$53	$218	$271
Construction & utilities	$0	$147	$369	$515
Manufacturing	$0	$207	$1,021	$1,228
Trade & transportation	$0	$459	$2,332	$2,791
Accommodation & food services	$0	$264	$804	$1,068
Information & professional services	$0	$2,185	$1,716	$3,901
Finance, insurance & real estate	$13,565	$2,724	$4,257	$20,546
Management & administrative services	$0	$949	$764	$1,713
Entertainment & other services	$0	$156	$956	$1,112
Health, education & government	$0	$180	$2,326	$2,507
Total	**$13,565**	**$7,323**	**$14,763**	**$35,651**

Figure 13: Employment breakout by sector and by channel

Sector	Direct	Indirect	Induced	Total employment
Agriculture & mining	0	350	3,094	3,444
Construction & utilities	0	790	1,715	2,505
Manufacturing	0	1,428	6,534	7,962
Trade & transportation	0	4,929	29,003	33,931
Accommodation & food services	0	5,337	18,311	23,648
Information & professional services	0	17,561	10,716	28,277
Finance, insurance & real estate	186,824	21,499	18,303	226,625
Management & administrative services	0	12,979	11,048	24,026
Entertainment & other services	0	2,358	19,689	22,047
Health, education & government	0	2,800	33,477	36,276
Total	**186,824**	**70,030**	**151,889**	**408,743**

Rounding errors may occur.

Figure 14: Income breakout by sector and by channel ($ millions)

Sector	Direct	Indirect	Induced	Total income
Agriculture & mining	$0	$19	$110	$129
Construction & utilities	$0	$66	$151	$217
Manufacturing	$0	$104	$479	$583
Trade & transportation	$0	$268	$1,402	$1,671
Accommodation & food services	$0	$167	$527	$694
Information & professional services	$0	$1,639	$1,054	$2,693
Finance, insurance & real estate	$13,061	$1,566	$1,157	$15,784
Management & administrative services	$0	$810	$642	$1,452
Entertainment & other services	$0	$122	$795	$917
Health, education & government	$0	$213	$2,059	$2,272
Total	**$13,061**	**$4,975**	**$8,377**	**$26,413**

APPENDIX C: METHODOLOGY

ECONOMIC IMPACTS

The economic impact of FSI member firms was estimated at the state level using IMPLAN economic impact software. For general background on economic impact analysis, see the box in chapter 1.

Inputs to the economic impact modeling are based on:

- **Data from FSI** on its member firms,
- **A database of the number of investment representations by state** covering approximately 28% of the 140,000 investment representatives who work for FSI members, and
- The results of a **survey of FSI member firms.** FSI invited its members to participate in this survey and responses covering 19 members were received including several from some of FSI's largest members.

The total revenue of FSI member firms, and the number of FSI investment representatives was provided by FSI based on their membership information. The ratio of total direct employment to the number of investment representatives was calculated from survey respondents and applied to FSI's membership to calculate direct employment. Similarly, the share of revenue spent on labor income, production inputs (e.g. rent, utilities, and business services), and profits was estimated for survey respondents and applied to the total revenue of all FSI members. The breakout of production inputs into specific product and service categories was based on industry data from IMPLAN and was assumed to be identical across states.

Model inputs were distributed geographically by state as follows. Employment by state was obtained from survey respondents and added to the distribution of investment representatives by state for those firms that did not respond to the survey. This distribution was applied to employment, input spend, and direct profits. The distribution of labor income by state was based on this employment distribution, adjusted to reflect state-level employee compensation differentials. These relative compensation rates were based primarily on survey responses; however, these results were adjusted slightly based on data from the Occupational Employment Survey on the relative state-level compensation level of investment advisers.

DEMOGRAPHICS

Employees of FSI member firms differ from those of the financial services at large because FSI members tend to own and operate independent small businesses. To observe these differences in employee demographics, data was extracted from the 2019 American Community Survey (US Census) for those people who indicated that they are currently employed (i.e. not retired, unemployed, etc.) in the occupation "personal financial advisors." When examining the data presented in this section, FSI members most closely approximate the profiles presented as those who identified as "Self-Employed." The "Not Self-Employed" profile most closely approximates financial advisors in the broader financial services sector who work as payroll employees.

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