

# Morgan Stanley pushes advisers to boost revenue in 2020 pay plan: sources

NEW YORK (Reuters) - Morgan Stanley ([MS.N](#)) told financial advisers on Tuesday that they could be paid less if they do not generate more revenue or get customers to sign up for comprehensive financial plans next year, people familiar with the bank's 2020 compensation plan said.



FILE PHOTO: A sign is displayed on the Morgan Stanley building in New York U.S., July 16, 2018. REUTERS/Lucas Jackson/File Photo

Morgan Stanley made several changes to the incentive structure, including its 16-tier “pay-out grid” that determines what percentage of fees and commissions brokers get to take home.

Some brokers who generate less than \$5 million in annual revenue will have to deliver another 10% to reach the payout they received in 2019, according to material reviewed by Reuters. For instance, someone who was generating toward the low end of \$300,000-\$360,000 revenue tier this year will need to generate a figure in the range of \$330,000-\$400,000 next year to get the same payout.

The rates range from 28% of commissions and fees at the lowest tier to 55.5% at the highest. Advisers generating above \$5 million will not see any change.

Other features of the plan incentivize advisers to target wealthier customers, grow their asset books and lend more. It will also pay them less for households that do not enroll in a comprehensive financial plan or have less than \$100,000 in assets and liabilities with the bank.

The changes underline themes Morgan Stanley and other big wealth managers have been pushing for years in terms of the types of clients and advisers they want associated with their firms.

The 2020 compensation plan could affect as much as half of Morgan Stanley's advisers, said compensation consultant Andy Tasnady of Tasnady & Associates. As of Sept. 30, that headcount stood at 15,553, down from more than 18,000 a decade ago.

The pay-out grid is closely watched by advisers, especially those in lower tiers. Tasnady compared the grid to a flight of stairs.

"They basically raised the heights of all the stairs," he said. "If you do the same thing you did last year, there will be many people who get a payout that is one step lower."

(In third paragraph, corrects that pay changes will only affect some brokers, not all)

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