

# MEMBER DESIGNATIONS, 2018 USA MEMBERSHIP

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## 2019-Q1 Research Brief

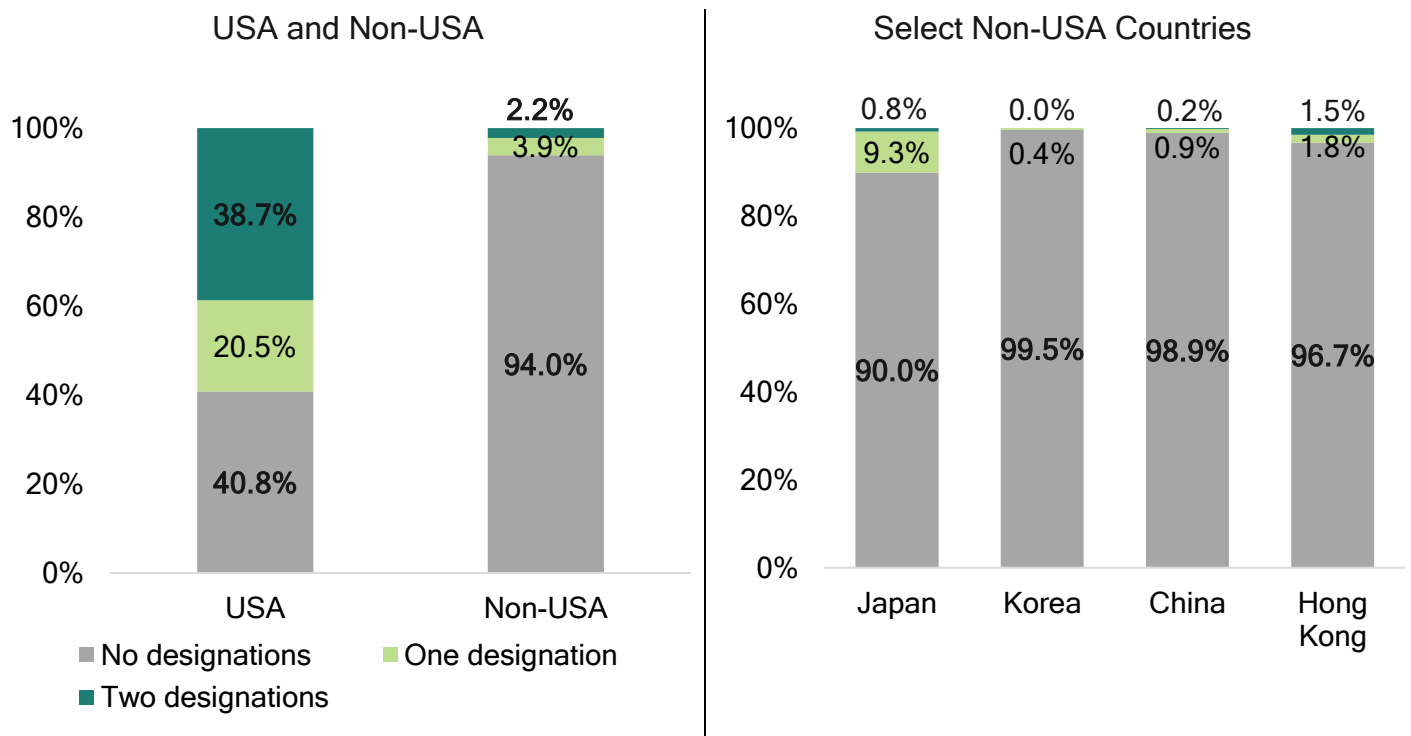
# MEMBER DESIGNATIONS

## BACKGROUND

The Million Dollar Round Table membership database includes up to two types of designations/degrees for members that choose to provide that information - otherwise, the field(s) are left blank. In 2018<sup>1</sup>, there were over 200 different “designations” reported. The reason “designations” is in quotes is because some members report college and graduate degrees as designations.

Among 2018 USA members, 40.8% did not have a designation on file, among non-USA members, 94% did not have a designation on file. Considering select non-USA countries – Japan, Korea, China and Hong Kong – 90% or higher did not have a designation on file.

Figure 1: Percent Distribution of 2018 Members by Number of Designations on File



<sup>1</sup> All 2018 data in this document are from a file downloaded from Aptify on 1.4.2019.

The focus here will be on USA members because a higher number provide designation information. As mentioned, 40.8% of 2018 USA members did not have a designation on file, 20.5% had one designation and 38.7% had two designations. These distributions have been the same in the past – for example, see the numbers for 2016 and 2017 in Table 1.

**Table 1**

	2016 U.S.		2017 U.S.		2018 U.S.	
No designations on file	3,910	40.6%	3,566	40.1%	3,254	40.8%
One designation on file	2,030	21.1%	1,878	21.1%	1,638	20.5%
Two designations on file	3,698	38.4%	3,445	38.8%	3,090	38.7%
<b>Total Number of Members</b>	<b>9,638</b>	<b>100.0%</b>	<b>8,889</b>	<b>100.0%</b>	<b>7,982</b>	<b>100.0%</b>

There were 99 different designations (including college degrees) reported by 2018 USA members. Table 2 lists all the designations regardless of whether reported in the first or second slot on a member's application. The designations of CLU, ChFC, CFP and LUTCF were the most prevalent.

**Table 2**

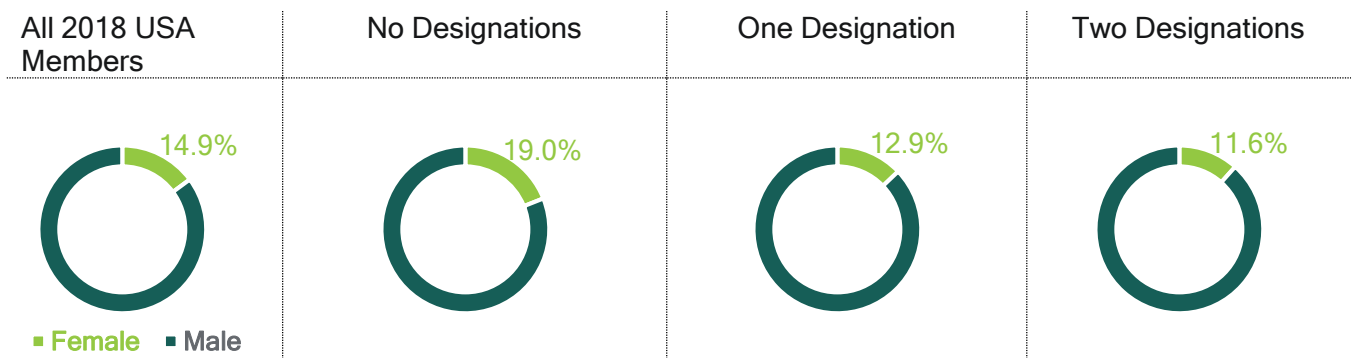
CLU	MS	BBA	CBC	AFPC
ChFC	FSCP	EA	Cert CII	AIAA
CFP	CAP	REBC	ChSNC	AIFP
LUTCF	MA	CFA	CIMA	ALIA
CLTC	CASL	FLMI	CLI	B.ENG
MBA	BA	CEBS	CPC	BSc
MSFS	LTCP	ChHC	CRC	BSc (Econ)
FICS	PhD	AA	CSFP	CA
RICP	CFS	APMA	CTS	CCP
CRPC	CMFC	ChFEBC	CWS	CEA
RFC	CFBS	IAR	GBA	CGA
AEP	CLF	LACP	LC	CHFC
FICF	CPCU	M Ed	MD	CKA
JD	CRPS	RFP	MRFC	LLIF
CFU	AWMA	CDFA	MSM	LLM
BS	RIA	ILP	NZDipLA	MCom(IS)
CPA	CIC	PPC	PFS	MMIS
FSS	AAMS	B Bus	QPA	RPS
CSA	CEP	BSc(Acct)	ACS	TEP
AIF	ARPC	CAS	AEPP	

## USA DEMOGRAPHICS BY DESIGNATIONS

### Gender

Overall, the majority of USA members are male. Dividing the membership into three segments according to number of reported designations, the distribution of female members is higher among members without a designation on file compared to those with one designation and those with two designations (19.0%, 12.9% and 11.6%, respectively).

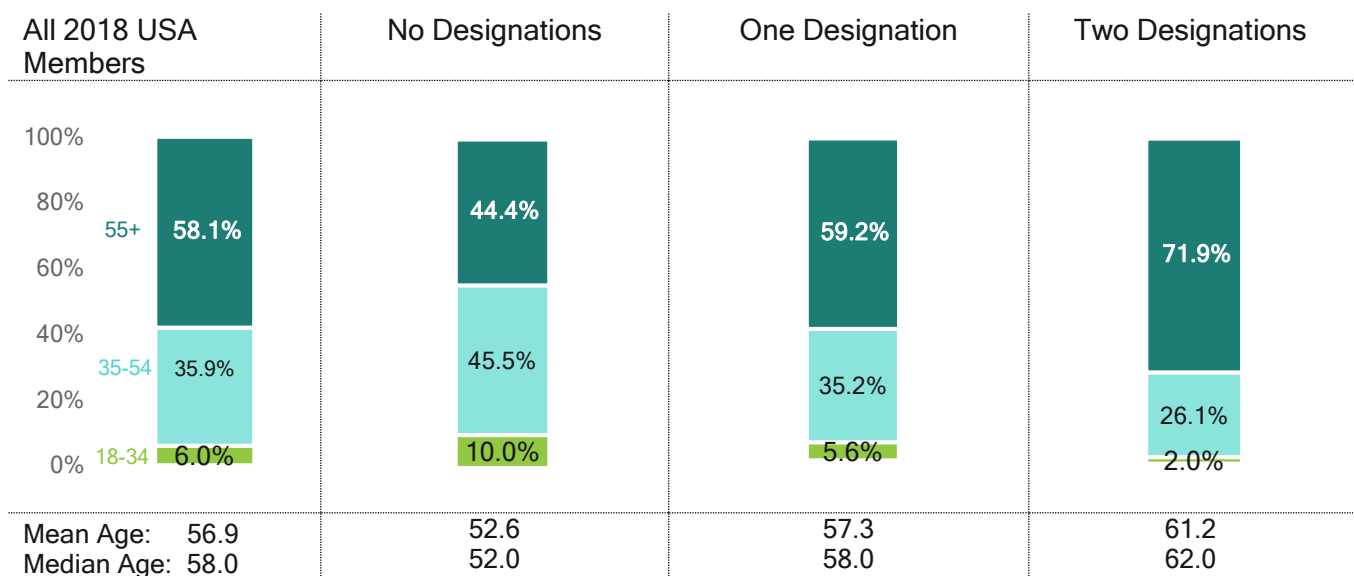
Figure 2: Percent Distribution of 2018 USA Members by Gender



### Age

The average age of USA members in 2018 was 56.9 years and 58.1% were 55 years or older. Figure 3 shows the distribution of the youngest cohort of members (18-34-year-olds) is 10.0% among members without a designation on file compared to 5.6% among members with one designation and 2.0% among members with two designations. The mean and median ages are also lower among those without a designation on file.

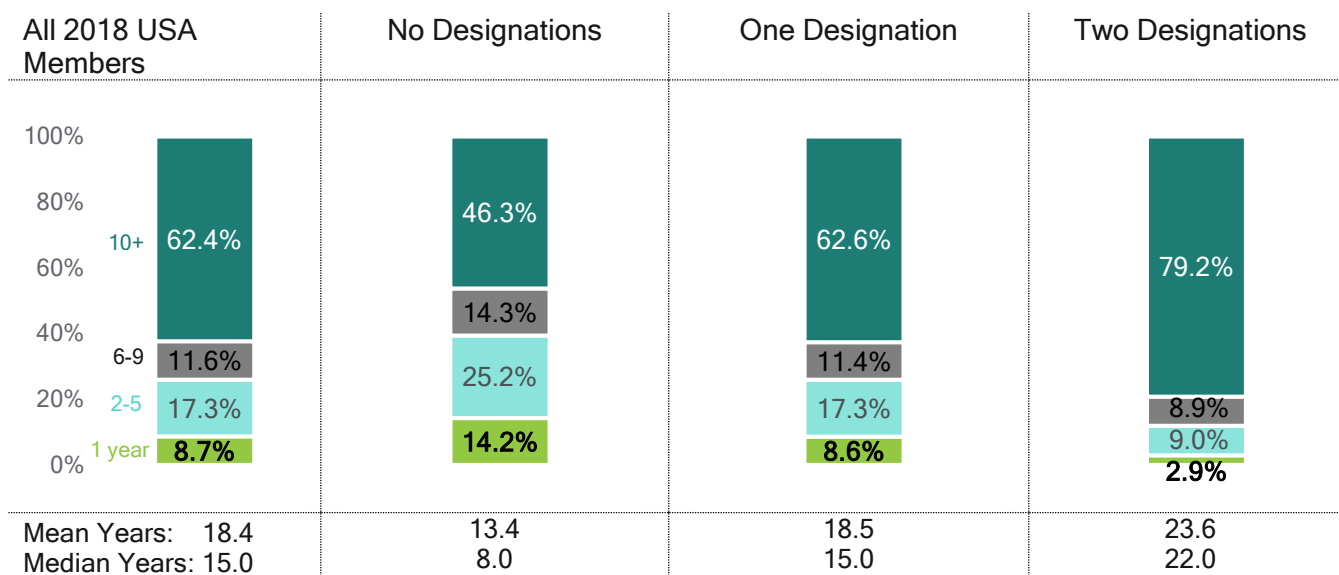
Figure 3: Percent Distribution of 2018 USA Members by Age Group



## Total years of membership

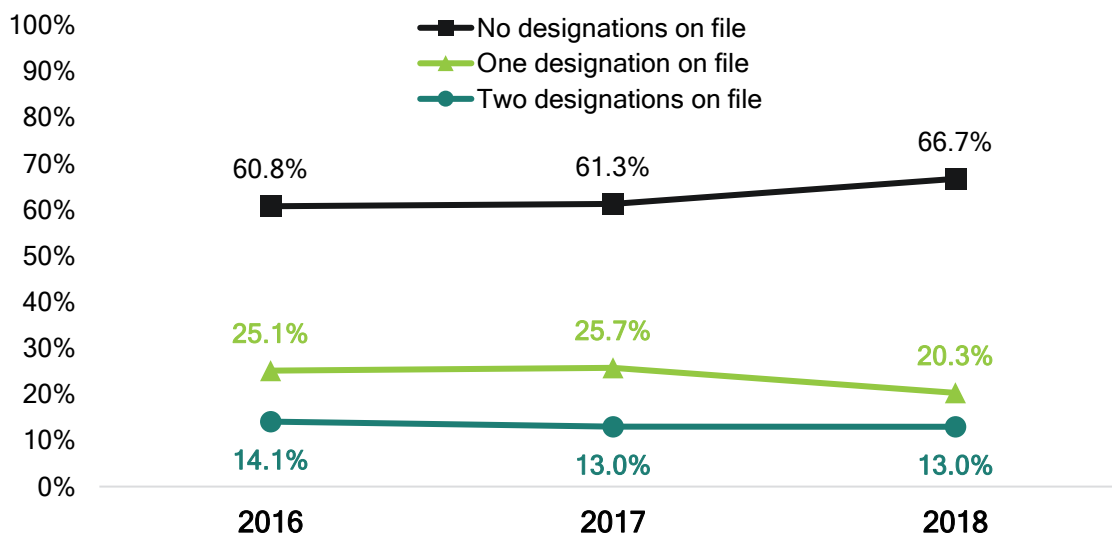
The distribution of first-year members is higher among members without a designation on file – 14.2% compared to 8.6% among those with one designation and 2.9% among those with two designations. The mean and median total years of membership is also lower among members without a designation on file.

Figure 4: Percent Distribution of 2018 USA Members by Total Years of Membership



As a related aside, 66.7% of 2018 first-year USA members did not have a designation on file. This is higher than the overall percentage of 40.8% mentioned previously. In addition, the 66.7% is an increase from 60.8% in 2016 and 61.3% in 2017. (Whether first-year members are choosing not to report designations or if more are opting not to acquire designations is unknown.)

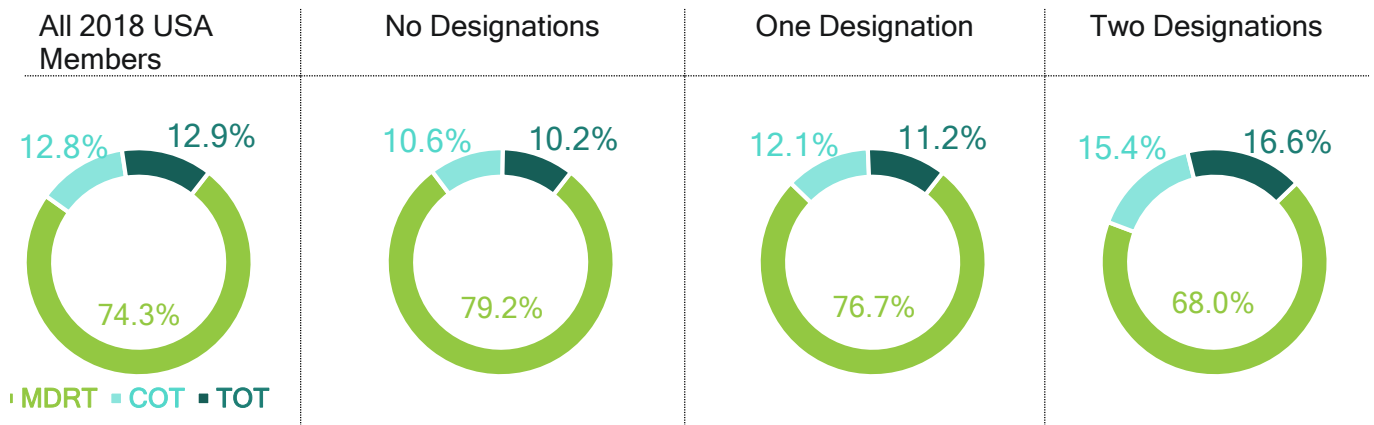
Figure 5: Percent of 2016, 2017 and 2018 First-Year USA Members, by Number of Reported Designations/Degrees



## Membership level

The majority of USA membership (74.3%) is at the MDRT level with the remaining quarter almost evenly split between Court of the Table (12.8%) and Top of the Table (12.9%) members. Again, slicing the membership by number of reported designations on file, the distribution of Court of the Table and Top of the Table members is higher among members who have two designations on file.

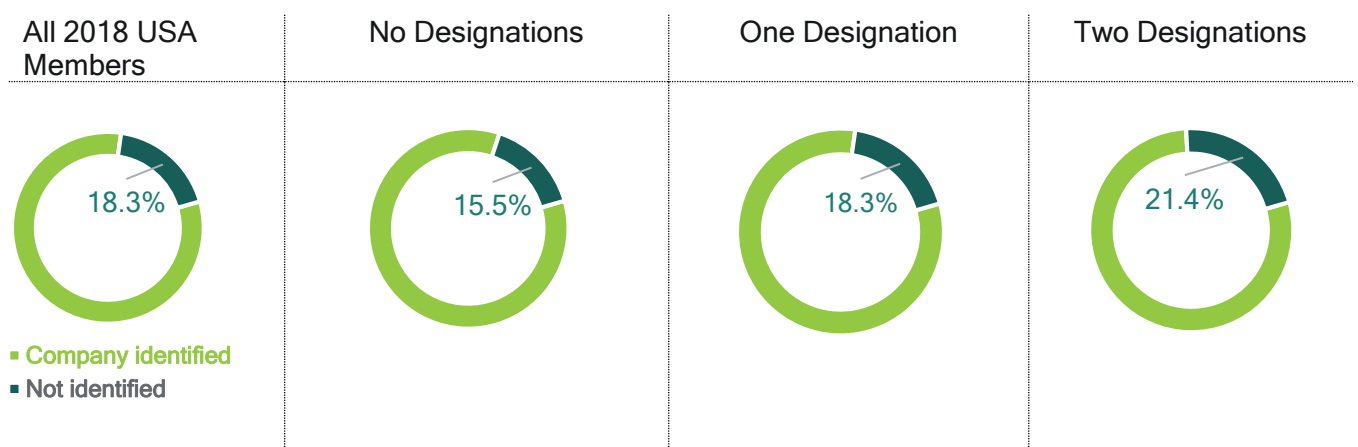
Figure 6: Percent Distribution of 2018 USA Members by Membership Level



## Company affiliation

Overall, 81.7% of 2018 USA members indicated being affiliated with a company while 18.3% did not indicate a company affiliation. Among members who do not have a designation on file, 15.5% were not affiliated with a company. In comparison, among those with two designations on file, 21.4% were not affiliated with a company.

Figure 7: Percent Distribution of 2018 USA Members by Company Affiliation

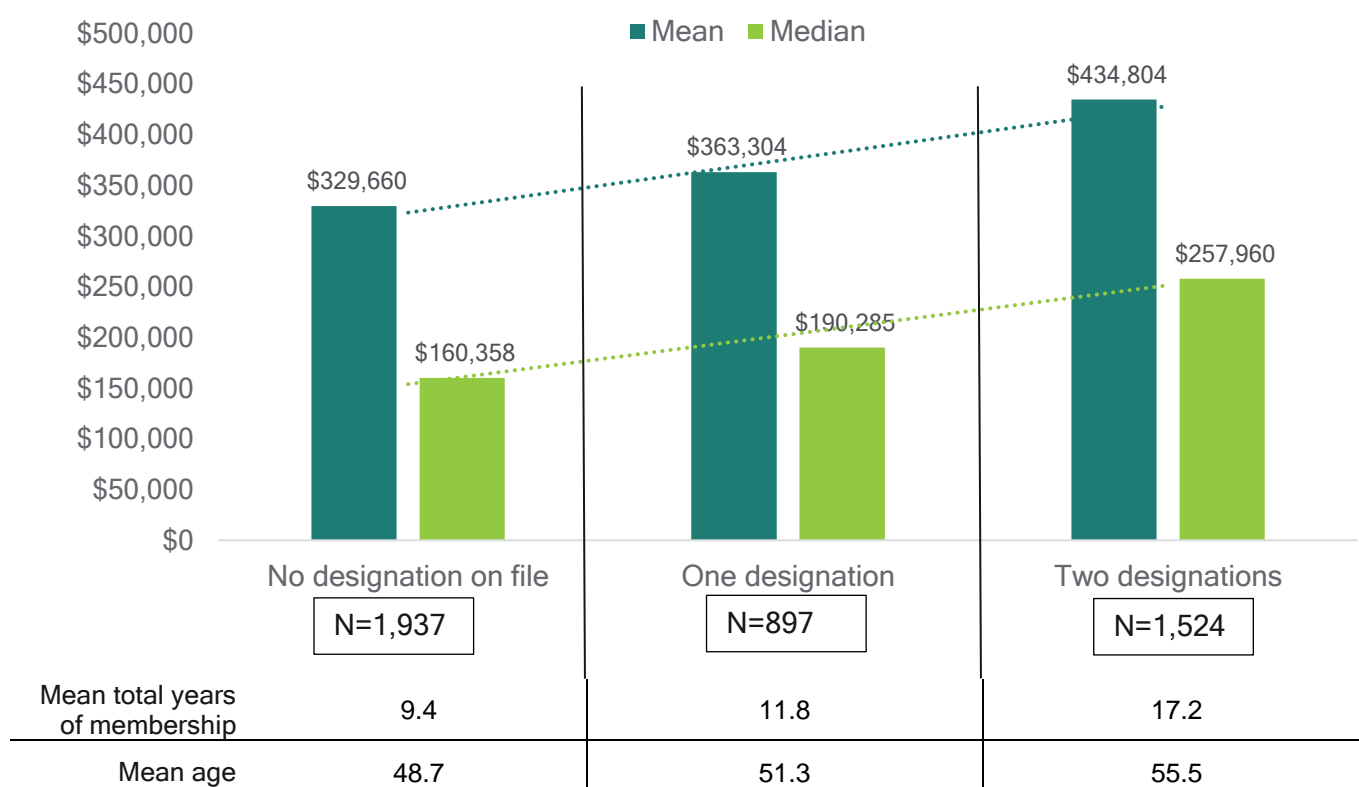


## USA MEMBER PRODUCTION BY DESIGNATIONS

### All members

For an analysis of commissions, Life members were excluded. All members who attested to production were also excluded. Only qualifying commissions were included. The mean and median<sup>2</sup> qualifying commissions were higher among members with two designations compared to those with no designations on file. Note that members with two designations are on average older and have more years of membership.

**Figure 8: Mean and Median Qualifying Commissions among 2018 USA MDRT Members, by Number of Reported Designations/Degrees**



<sup>2</sup> There is a large variation in the reported commissions which affects the mean. The median, which provides the midpoint of the data range and is not as affected by extremely high or low entries, may be a better point of reference.

### First-year members

In the first part of Figure 9, the same pattern is not apparent among first-year members. This may be due to outliers in reported commissions within the smaller number of observations. The second part of the graph shows the pattern after removing three commissions that were greater than \$10 million. (Note that the three commissions were not removed when looking at all members in Figure 8 because they were not outliers in the bigger sample size.)

**Figure 9: Mean and Median Qualifying Commissions among 2018 First-Year USA MDRT Members, by Number of Reported Designations/Degrees**





## Production by specific designations

In order to analyze production, we need to have enough observations by designation. Among USA members who reported one designation in 2018, the highest numbers ( $N \geq 30$ ) were for the seven designations listed in Table 3. On average, those with the FICS designation and those with an MBA were the youngest (average age of 44.9 years and 47.5 years, respectively). Those with the CLU designation were the oldest with an average age of 67.2 years. Also, more than half of the members with a CLU designation were Life members.

**Table 3**

	Total	Mean Age	Mean Total Years of Membership	Type of Membership			Number with qualifying commission
				Qualifying	QL	Life	
CLU	436	67.2	32.2	50	142	244	129
LUTCF	432	58.1	16.6	156	169	107	245
CFP	179	52.5	13.9	78	74	27	126
CLTC	98	53.5	13.8	42	38	18	58
MBA	80	47.5	7.7	58	18	4	52
ChFC	60	53.4	15.7	17	39	4	45
FICS	47	44.9	6.4	39	4	4	41

Table 4 lists the designation combinations that had the highest numbers (number of observations  $\geq 30$ ) among those who reported two designations. As shown in Table 4, all the average ages are above 50. Those with the dual designations of CFP and ChFC and MBA and CFP had the lowest average ages (52.2 and 52.8, respectively).

**Table 4**

	Total	Mean Age	Mean Total Years of Membership	Type of Membership			Number with qualifying commission
				Qualifying	QL	Life	
CLU and ChFC	1,445	66.3	29.9	129	674	642	560
CLU and CFP	316	55.8	20.0	79	176	61	191
CFP and ChFC	152	52.2	16.3	44	98	10	105
LUTCF and CLTC	100	55.6	14.6	36	41	23	61
CLU and LUTCF	73	61.9	23.5	15	29	29	27*
CLU and MSFS	53	70.8	36.6	1	20	32	15*
CLU and CLTC	41	60.0	23.6	6	21	14	20*
CLU and AEP	35	71.1	36.6	1	9	25	6*
CFP and LUTCF	32	56.3	18.5	5	20	7	21*
CFP and MSFS	32	57.2	23.3	5	19	8	20*
MBA and CFP	30	52.8	12.5	13	11	6	17*

*\*Note the number with commission is too low.*

Table 5 displays the mean and median qualifying commissions by designations that had enough observations for analysis. Life members and those who attested were not included. The top three designations in terms of the highest mean and median qualifying commissions were CFP & ChFC; CLU & CFP; and CFP only. The mean age of these members ranged from 50 to 52 and the total years of membership ranged from 11.5 to 16.9 years.

**Table 5**

<b>Designation(s)</b>	<b>Mean Qualifying Commission</b>	<b>Median Qualifying Commission</b>	<b>Mean Age</b>	<b>Mean Total Years of Membership</b>
CFP & ChFC (n=105)	\$580,441	\$375,510	50.8	15.6
CLU & CFP (n=191)	\$457,179	\$384,133	52.1	16.9
CFP only (n=126)	\$454,467	\$325,064	50.2	11.5
CLU & ChFC (n=559*)	\$417,568	\$257,261	60.3	23.0
ChFC only (n=44*)	\$416,140	\$299,218	53.0	15.2
CLU only (n=128*)	\$388,625	\$199,678	56.6	20.4
None (n=1,937)	\$329,660	\$160,358	48.7	9.4
MBA only (n=52)	\$264,059	\$140,200	47.5	7.6
LUTCF only (n=245)	\$252,016	\$161,271	53.2	12.0
CLTC only (n=58)	\$212,913	\$190,180	50.1	11.4
LUTCF & CLTC (n=61)	\$205,291	\$146,884	52.7	11.6
FICS only (n=41)	\$135,560	\$105,579	42.9	4.5

\*The asterisks indicate removal of outliers as follows: \$25,142,189 in the ChFC only group; \$17,183,988 from the CLU only group; and \$37,453,968 from the CLU & ChFC group. These commissions do not stand out when looking at all members who reported qualifying commission; however, in these small sub groups they were removed to avoid skewing the means. As mentioned previously, the median may be a better point of reference than the mean - *including or excluding these large commissions doesn't affect the sorted order of medians shown in Figure 10.*

AEP	Accredited Estate Planner
CFP	Certified Financial Planner
ChFC	Chartered Financial Consultant
CLTC	Certified in Long-Term Care
CLU	Chartered Life Underwriter
FICS	While "FIC" is the Fraternal Insurance Counselor and "FICF" is Fraternal Insurance Counselor Fellow, it is unclear as to what "FICS" is referring to – a Google search was not clear cut but indicated a connection with the Institute of Chartered Secretaries and Administrators (ICSA), an international professional association
MBA	Master of Business Administration
MSFS	Master of Science in Financial Services
LUTCF	Fellow, Life Underwriter Training Council

The numbers in Table 5 are also shown in Figure 10.

**Figure 10: Mean and Median Qualifying Commissions among 2018 USA MDRT Members, by Most Frequent Type of Designations**



## Discussion

The data that were presented are limited in scope. However, they may be helpful in providing a platform for conversation and new research items.

The demographics	About 60% of USA members indicated a designation on their membership application. When looking at the demographics, female; younger; and first-year members may be segments for MDRT to explore in terms of feasibility of offering benefits associated with continuing education.
The company factor	The majority of USA members indicated a company affiliation. Although not a striking difference, a somewhat higher percentage of members with two designations on file were not affiliated with a company compared with the percentage without a designation on file (21.4% vs 15.5%, respectively). Does this identify a segment to pursue? Are the “not affiliated” more inclined toward continuing education?
The “younger designation”?	While the number of observations is challenging, there seemed to be some designations/degrees where the mean age was lower and others where the mean age was higher. What dictates the designation type that is acquired – is it age, cost, time required/time available, business model, interest? Can MDRT cultivate this information (and gather more information) in order to provide alternatives for different segments of membership?
The global factor	The focus here was USA members in order to have enough observations for analysis. However, since over 90% of non-USA members do not report a designation, is it worth investigating the possible need among that membership segment (or sub-segments/countries)? There may be opportunities for MDRT to develop and offer possible new CE-related benefits.
The designation impact	Although not shown, a simple regression model with qualifying commission as the dependent variable, and age; age-squared; years of membership; gender and whether a designation was on file as explanatory variables resulted in designation being statistically significant and positive. All else being equal, having a designation increases qualifying commissions by \$58,103. This upholds the descriptive statistics that showed higher qualifying commissions among those who had a designation on file. (Note that designation was only statistically significant after higher commissions (>\$10 million) were excluded. Also note that the R-squared statistic (which basically reflects the goodness of fit for a model) was very low. The low R-squared indicates that the included explanatory variables explain very little of the variance in qualifying commissions, but does not detract from the importance of the relationship between the dependent and explanatory variables – in this case, qualifying commission and designations.)