Head of the Class

Do designations matter?

PLANADVISER Staff – 06/25/2007

Do you have a professional designation? If not, you might want to consider it, because about nine out of 10 plan sponsors (89.6%) say they would be more inclined to work with a professional who had retirement designations than one who did not.
Early in his career, Gregg Andonian of Baystate 401(k) Advisors in Milford, Massachusetts, a member firm of NRP, got some designations to help him look the part, he says. “They got me into a comfort zone and into the marketplace sooner,” he says. “Then [I] come to find out you learn in the market, not [from] the books.”

Nearly all (95.3%) plan sponsors say that it is important for professionals who work with retirement plans to obtain credentials that indicate they have specialized and have current training specific to the retirement plan space, according to The 2007 Retirement Credential Comparison Chart and Survey, produced by Financial Service Standards LLC of Pittsburgh, which polled 500 plan sponsors and 1,500 financial service professionals.

However, 91% of plan sponsors say that they do not know “the key differences between the various credentials (such as prerequisites, subject matter covered, length of training, tools provided, etc.).” Almost all plan sponsors (95%) think “more information should be made available regarding the various designations and what they mean to consumers,” but the same number are not aware that the NASD Web site provides a designation overview where ¬consumers can get basic information on various credentials.

This finding is even more pronounced when considering that 67.2% of the respondents are sponsors of plans with assets of more than $50 million; most are likely to be plan sponsors that are more aware of trends in the retirement plan industry.

Jim O’Shaughnessey of Sheridan Road Financial, a member firm of NRP, holds both the ***PLANSPONSOR*** Retirement Professional (PRP), which is offered by the parent company of ***PLANADVISER***, and Accredited Investment Fiduciary (AIF) and says they have been helpful from a marketing and PR standpoint.

However, he agrees with the 60.6% of advisers surveyed that plan sponsors do not understand enough about the various designations. “There is more peer recognition than plan sponsor recognition,” he explains, “but I do tout them to clients [because it is a] way for us to show our dedication to the business.”

When looking for assistance with their retirement plan, plan sponsors said that “specific training or knowledge regarding qualified plan set-up and management” and “experience with plans similar to yours” were the most important criteria. Sometimes, this can be helped by having a designation that shows an expertise in an area, but “I have never had someone say they won’t consider me because of lack of designation,” O’Shaughnessey comments.

If clients don’t know or understand the alphabet soup being presented to them, what does that mean for all of the advisers slaving away over their designations and continuing education requirements?

Well, it appears that some of those mixed up in the soup don’t understand either: Among the financial service professionals polled, although more than half said they had a pretty good understanding or a very good understanding of the various programs, 38% said they are not sure of the differences between them, even though 63% currently hold designations specific to qualified plan management and 41% intend to earn a retirement designation in the near future.
“There are a lot of people that have been in this business a long time and don’t have professional designations and I wonder about their level of professionalism,” comments Thom Shumosic of Retirement Planning Specialists in Wilmington, Delaware. For those who take the time to get credentials, advisers said the top reasons they decided on which credential to earn were: credibility of the organization offering the designation (87%), the curriculum (83%), and the importance/credibility of the designation (82%). Of those who do hold credentials, the four top reasons advisers say they take the time to earn designation include: increasing credibility (76% of advisers), education (74%), credentials (57%), and staying competitive (52%).

O’Shaughnessey says he will be sending his own employees through both the PRP and AIF, and will have at least one complete the more comprehensive AIFA. The specialized programs have grown over the last year, and he says they now provide him with a consistent training program to help his employees break into the complicated industry.

“It is not having a credential but getting it that adds value,” says Troy Hammond of Ameriflex in Santa Barbara, California, who holds the CFP, AIF, PRP, CRPS, and CRPC designations, and says that the continuing education requirements keep the value ongoing.

One designation that was not considered in the survey that is not a qualified plan-specific designation is the Certified Financial Planner designation (CFP). However, it is a popular designation among all advisers, even those who specialize in the retirement plan space. In the late ’80s, when Shumosic was beginning to look at designations, he says that he thought the CFP was very recognized by the buying community. “Another adviser might know ChFC or CLU, but the people I am selling to know the CFP,” he comments, saying that the CFP has given him visibility and recognition by both the public and other advisers.

Shumosic says that, although his business is three-quarters qualified plan business and one-quarter personal planning, he probably will not pursue a designation specific to retirement plans. “It is a juggle of time versus perceived value,” he explains and, at this point in his career, he said, he is not sure he will pursue anything else.

Andonian now holds the PRP, AIF, CFP, CLU, and ChFC and says each has its own value, whether it is to emphasize his fiduciary specialization, or his retirement plan expertise, or to be recognized in the

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professional community to get help with branding and networking.
"Whatever your focus is as an adviser," says Mike Swallow, with CBIZ Financial Solutions, Inc. in Cleveland, Ohio, who holds the AIF, CFA, and CPA, "you can find something to fit your skill set and make you an expert."

"Every one of these things sharpens your sword as an adviser," agrees Hammond. "There is so much we need to know and be experts on," and credentials add value to the client because they get a better adviser. "You can learn by experience," he comments, "but experience takes a long, long time."

The following 11 retirement industry credentials were included in the survey:

- Accredited Investment Fiduciary (AIF)
- Certified Employee Benefit Specialist (CEBS)
- Certified Pension Consultant (CPC)
- Certified Retirement Administrator (CRA)
- Chartered Retirement Plans Specialist (CRPS)
- Professional Plan Consultant (PPC)
- ***PLANSPONSOR*** Retirement Professional (PRP)
- Qualified Plan Financial Consultant (QPFC)
- Qualified Pension Administrator (QPA)
- Qualified 401(k) Administrator (QKA)
- Retirement Plans Associate (RPA)

Of the 11 designations, plan sponsors surveyed have most often heard of the following: Certified Employee Benefits Specialist (CEBS) (cited by 98.8%); the Retirement Plans Associate (RPA) (53.3%); and the Certified Pension Consultant (CPC) (48.4%).

The most significant differences found here among credentials include:

- the training formats—ranging from online to classroom-based to self-study. Some credentials offer more than one format.
- the timelines—ranging from 16 hours to complete the requirements for a credential to three years.
- the benefits—ranging from memberships, to tools, to licensing, to publications, to private labeling, to marketing materials, to conferences, to legislative support.
- the cost—ranging from $680 to $4,100 the continuing education requirements to maintain the credential—ranging from no continuing education requirement to 40 hours every two years.

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