



2007 » June

## Feature: Designation "Hitters"

- Page 1. Designation "Hitters"
- Page 2. [What To Do](#)
- Page 3. [Designations: An Adviser Perspective](#)
- Page 4. [Plan Sponsor Perspectives](#)
- Page 5. [Adviser Perspectives](#)
- Page 6. [What's Most Important](#)

The fact is, ERISA doesn't require any training or credentials to serve as plan fiduciaries or to work with retirement plans. It merely holds their actions to the standard of someone who is an expert in such matters via the so-called "prudent expert" rule.

Ironically, in a business already riddled with strange and exotic acronyms like PPA, QDIA, QDRO, and EGTRRA, most professional designations remain a mysterious assortment of letters on business cards. Indeed, nearly 91% of plan sponsor respondents to the 2007 Retirement Credential Comparison Survey indicated that they did not know the key differences among the various credentials. Small wonder that 95% said that more information should be made available regarding the various designations and what they mean.

The survey, conducted earlier this year by Financial Service Standards, LLC, (which offers a retirement plan designation called the Professional Plan Consultant) included responses from nearly 2,000 plan sponsors and financial service professionals. PLANSPONSOR, which also offers a retirement plan designation, the PLANSPONSOR Retirement Professional (PRP), participated in promoting awareness of the survey.

Despite confusion about the requirements and differences in designations, the vast majority (95%) of survey respondents said that they thought it was important for those who work with retirement plans to obtain credentials that indicate a certain proficiency in this business, and nearly as many (89%) said they would be more inclined to work with someone who had retirement designations compared with someone who did not. In fact, specific training/knowledge regarding qualified plan management was the top cited criteria by plan sponsors seeking help with their programs in the FSS survey, just ahead of experience with similar plans.

Unfortunately, for many plan sponsors, those designations on a provider or adviser business card can be just so much "alphabet soup."

The assumption is that the designations are meaningful, else they would not be on the business card—but that is not always the case. Moreover, the process in some organizations that determines what designations can be placed on those business cards is, in and of itself, frequently a byzantine maze, and one not always friendly to the special nuances of retirement plan education. Further complicating the situation, many of the more current designations are relatively new—and thus lack the "history" that permits a thoughtful evaluation of their merit, or the quality of those who possess the designation.

Consequently, plan sponsors typically interview advisers and providers in the same way they might interview job candidates. They compare a list of services desired against services ostensibly available, check references, look for demonstrated expertise in an interview or presentation, do a "gut check" based on personal interaction during the meeting, and evaluate professional and academic credentials. Some designations and certifications have become ubiquitous in the retirement plan space—Series 6 and Series 7 licenses notably—but plan sponsors frequently have no idea just how little overlap the preparation for those has with the services they actually provide to your retirement plan and retirement plan participants.

1 2 3 4 5 6 [NEXT](#) ▶

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- Page 1. [Designation "Hitters"](#)
- Page 2. [What To Do](#)
- Page 3. [Designations: An Adviser Perspective](#)
- Page 4. [Plan Sponsor Perspectives](#)
- Page 5. [Adviser Perspectives](#)
- Page 6. [What's Most Important](#)

When considering college graduates with no relevant job experience, interviewers frequently rely on what might be considered heuristics—shortcuts—for focusing on the right types of candidates. This can take the form of focusing on certain colleges or, in some cases, specific degrees that are relevant—or, perhaps, ones that match the background of the interviewer. While many plan sponsors have obtained designations of their own, they are frequently different from those focused on those who service and sell to plan sponsors.

As a first step, learn what the designations are about, their focus. What are the requirements to achieve the designation? What does the curriculum cover? Are there prerequisites, either in terms of experience or previous coursework? Is a course outline or syllabus available? In preparation for the survey, Financial Service Standards conducted research <sup>(1)</sup> on 11 different retirement plan credentials, culminating in a handy side-by-side comparison, a version of which can be found on [www.plansponsor.com/credentials](http://www.plansponsor.com/credentials).

While the list is not all-inclusive of the many designations you may encounter, it does represent a good cross-section of the sales/servicing programs currently available. This will let you deal with the "what" of designations.

Another key element is "who" sponsors the designation—because, after all, their background and reputation, their experience, are part-and-parcel of the quality and integrity of the program. For example, is it an organization that you are familiar with? Are the principals known to you? Is there a faculty or some kind of governing board? Who decides what is included in the program, and who determines those eligible?

There is also a "when" component—significantly, when was the curriculum last updated? Programs that are focused on sales techniques, or even ERISA basics, may not require anything more than sporadic refreshers, but programs that purport to help explain the impact of the Pension Protection Act or the intricacies of deferred compensation programs under 409A have to keep up with the times to remain relevant.

Consider also what might be called a "how" aspect: How do you keep the designation current? Now, not every designation has a continuing education requirement, of course, and some are fairly generous both in terms of what constitutes "CE" and over what time period you are allowed to acquire it. Still, it may be worth knowing not only how much CE is required, but also how the individual designee fulfills that requirement over the course of the year. That can shed valuable light on the level and commitment to education, as much as the designation itself.

However, the question that may shed the most light on the individuals you are considering hiring, and the designation(s) they have chosen to pursue, is "why": why they chose to pursue that particular designation in the first place, and why they choose to keep it in force. Ultimately, the answer to that question will shed light not only on the designation, but also on the motivations and focus of the designee.

*Editor's note: In addition to my role as Editor-in-Chief of this publication, it is my privilege to serve as Dean of the PLANSPONSOR Institute, the education arm of PLANSPONSOR.*

<sup>(1)</sup> The 2007 Retirement Credential Survey was supplied by Financial Service Standards, [www.financialservicestandards.com](http://www.financialservicestandards.com)

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Should draft that memo.  
Flight is at 8:00.  
Where did I put my itinerary?  
Call the landscapers.  
I've got that presentation.

2007 » June

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- Page 1. [Designation "Hitters"](#)
- Page 2. [What To Do](#)
- Page 3. [Designations: An Adviser Perspective](#)
- Page 4. [Plan Sponsor Perspectives](#)
- Page 5. [Adviser Perspectives](#)
- Page 6. [What's Most Important](#)

When it comes to what plan sponsors feel is most important from a financial services professional, both advisers and plan sponsors rank experience with similar plans and specific training/knowledge regarding qualified plans well above any other criteria in the Financial Service Standards designation survey. While designations certainly have the potential to provide training/knowledge, it seems that plan sponsors do not always equate the two. Consider that, among eight different adviser attributes, "professional designations" came in dead last, according to respondents to PLANSPONSOR's defined contribution services survey—but "industry knowledge" was ranked third, falling behind only the quality of advice to the plan and quality of advice to plan participants.

Indeed, education was a key element cited by advisers in pursuing a designation program—the second-most cited. Still, interest in "increasing credibility" was the most cited—calling to mind the question: Can designations increase credibility if they aren't seen as providing education? Little wonder that adviser respondents, by a near 2-to-1 margin, think that plan sponsors do not understand enough about the various designations. On the other hand, nearly 40% of adviser respondents admit that they, too, are "not quite sure" of the differences among most designations.

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- Page 4. [Plan Sponsor Perspectives](#)
- Page 5. [Adviser Perspectives](#)
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Do plan sponsors think it is important for professionals who work with retirement plans to obtain credentials that indicate they have specialized and current training specific to this field?

■ Yes 95.3%  
■ No 4.7%



Would plan sponsors be more inclined to work with a professional that had retirement designations over one that did not?

■ Yes 89.6%  
■ No 10.4%



Do plan sponsors know the key differences among the various credentials (such as prerequisites, subject matter covered, length of training, tools provided, etc.)?

■ Yes 9.4%  
■ No 90.6%



Do plan sponsors think more information should be made available regarding the various designations and what they mean to consumers?

■ Yes 95.1%  
■ No 4.9%



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