

Sorting through Certifications

The specific designations matter less than the content of the courses.

By Ed McCarthy

June 1, 2005- Continuing education designations are proliferating at a dizzying pace. But it's hard to say that collecting them on your business card affects the level of income you can earn or the clients you can attract.

"Most advisers receive little tangible, direct benefit from a certification program," says Michael Kitces, CFP, CLU, ChFC, and director of financial planning with the Pinnacle Advisory Group in Columbia, Md. "In some ways, I believe it's difficult to attribute the benefits you receive from a program directly to the cost of earning the certificate." That was the consensus view of advisers interviewed for this piece.

If anything, a string of designations is more likely to impress colleagues than clients. "I believe that the novice investor doesn't pay any attention to what's behind a financial planner's name," says Terrance Ostrander, president of Lakeshore Investment & Tax Service in Two Rivers, Wis. "However, people who are seriously looking for a partner in their financial future do care."

Many planners are concerned with the help that continuing education (CE) courses can provide in improving their own skills and practices. They are disappointed with programs that didn't challenge them and share a common goal of seeking useful knowledge. "Obtaining a certificate is an investment in your professional development, not a direct revenue raiser," Kitces says.

Advisers face a decision in fulfilling their CE requirement each period: Take a piecemeal approach and pick up credits from multiple sources or complete a program that leads to an additional professional designation or degree. The latter offers two advantages: Advisers can focus their learning efforts and potentially gain a competitive edge.

Greg Plechner, CFP, CLU, ChFC, is a senior wealth manager with Greenbaum and Orecchio in Old Tappan, N.J. He completed the Chartered Advisor in Senior Living (CASL) program from the American College in 2004, and his motivation for taking certificate programs is typical. "My personal philosophy is that anything you can do to demonstrate that you are committed to learning about your profession is a benefit," he says. "Although clients may not know the difference between an EA [enrolled agent] and a CASL, they do recognize, through the designations and the knowledge that they bestow, that I am committed to being their well-informed financial planner. My own belief is that knowing more than the next guy never hurts."

The challenge is in selecting the appropriate certificate or degree to pursue from the plethora of designations the National Association of Securities Dealers lists 50 on its Investor Education site (see http://apps.nasd.com/investor_information/resources/designations/). Here are some programs and feedback from planners who have taken them.

CE Providers

College for Financial Planning

www.cfp.edu

The American College

www.theamericancollege.edu

Investment Management Consultants Assoc.

www.imca.org

Institute of Business & Finance

www.icfs.com

NASD List

apps.nasd.com/investor_information/resources/designations/

American Academy of Financial Management

www.financialanalyst.org

The American College

The College, located in Bryn Mawr, Pa., offers a master's degree in Financial Services and several certificate programs. The master's program requires the completion of 36 credit hours: 24 from self-study and 12 on campus in Bryn Mawr during two one-week sessions. The required courses cover a range of topics from financial-statement analysis to personal tax planning. Students can use their electives to develop an advanced expertise in selected topics. The college also offers several professional certificates that require two-to-four self-study undergraduate or graduate courses. The undergraduate courses cost \$450; graduate, \$750. CFP Board CE credit varies by course from 25 to 45 hours.

Two of the college's newest certificate programs take advantage of demographic trends. The Chartered Advisor in Philanthropy (CAP) program started in 2003 requires completion of three graduate-level courses in charitable giving. The Chartered Advisor for Senior Living (CASL) started in 2004 combines traditional quantitative topics (investments, estate planning), qualitative courses (Understanding the Older Client, Financial Decisions for Retirement), and a course on health- and long-term-care financing for seniors. Kitces completed the CASL program last year and rates the study material as mid- to upper-level undergraduate, which met his expectations.

The CASL's coverage of the non-quantitative themes was disconcerting for some advisers. Bill Suplee, CFP, CFA, ChFC, and president of Structured Asset Management, in Paoli, Pa., believes advising older clients will be one of the fastest growing segments of an adviser's practice for the foreseeable future. He admits, however, that part of the course wasn't what he expected.

"At first I didn't like the content of the gerontology book *Understanding the Older Client*," he says. "I thought it was too tilted toward sociological theories. But after the mid-point, I came to see the value in understanding the aging process and how it changes people's focus from the harder' financial issues to the softer' quality-of-life issues."

College for Financial Planning

In addition to certificate courses, the College offers a master's that includes three majors: finance (36 semester credit hours required), personal financial planning (36 hours), and financial analysis (39 hours). The personal financial planning curriculum meets the CFP Board's education requirements, and the financial analysis track satisfies the education requirements for the CFA Institute. Financial planning students must also complete one elective. Tuition is \$749 per course, and each completed course qualifies for 45 CE hours from the CFP Board.

Among planners interviewed for this article, those who enrolled in the master's program to pass the CFP exam were generally positive. Advisers who already had a CFP license gave mixed reviews. Carl Emerick, CFP, CPA/PFS, and a senior financial adviser with Sentinel Wealth Management in Reston, Va., is a CFP and had extensive experience before he enrolled in the master's program. He found that the difficulty of the courses varies widely, partly because of the nature of his experience; the stronger his background in a particular subject, the less challenging the material.

Another experienced CFP who asked for anonymity says that most of the master's program didn't meet his expectations. Many classes taught little or nothing about the topic, he says.

"Two classes I took were completely different than the title implied," he says. "I took Tax Planning for the Highly Compensated and learned nothing. We did tax research the entire time, which is what you do in the Income Tax course. Another class, Women and Financial Planning, was a total waste. The course completely ignored the fact that there are many types of women in the world who have very different needs."

The college offers six certificate programs: Accredited Asset Management Specialist (AAMS), Accredited Wealth Management Advisor (AWMA), Chartered Mutual Fund Counselor (CMFC), Chartered Retirement Planning Counselor (CRPC), and Chartered Retirement Plans Specialist (CRPS). The college rates the programs as equivalent to an upper-level business school course, and the tuitions range from \$650 to \$850 for the basic packages. Each has a self-study format and qualifies for 45 hours of CE credit with the CFP Board.

Almost 9,000 students have earned the AAMS certificate since 1993; the CMFC and CRPC, which started in 1996 and 1997, respectively, have each been awarded to about 5,000 students.

Steven Podnos, CFP and owner of Wealth Care in Rockledge, Fla., completed the CRPS program in 2004. As the investment adviser for several retirement plans, he wanted to learn more than he had from the CFP curriculum. "It was a good course with a moderate amount of information and difficulty," he says. "It's not equivalent to specialty study for pension plan professionals, but it enabled me to understand planning options and converse with plan professionals much better than before."

The college's certificate programs drew a mixed response, as well. Stephen Lovell, CFP, CLU, and a planner with Forsyth Heritage in Walnut Creek, Calif., completed the CRPC program in 2003. Lovell says the reading material was not as demanding as that for any of the five courses leading to the CFP exam, and he assessed the difficulty as lower-level undergraduate. "Despite the laxity, it was valuable because the course focused on the importance of the distribution phase of retirement," he says.

Institute of Business & Finance (IBF)

The IBF offers a master's in Financial Services and six designations: Certified Fund Specialist (CFS), Certified Annuity Specialist (CAS), Certified Senior Consultant (CSC), Certified Tax Specialist (CTS), Certified in Estate Planning (BCE), and Certified in Asset Allocation (BCAA). Students obtain the master's by completing five of the designations, a course on business ethics, and writing a thesis and two financial plans. The CAS course costs \$900; tuition for the others is \$1,165. Each course is self-study; most contain multiple exams and at least one open-book case study. The CFP Board-approved CE hours vary from zero (BCAA) to 37.5 (BCE).

Some 8,200 students have earned the CFS designation. The program, started in 1988, is the IBF's oldest. Most of its other programs were launched in 2003 and 2004 and have had enrollments of 500 to 1,300 students. Ostrander, who earned the CFS and CTS, says the course content met his expectations and the fees were appropriate. He rates the CFS as "somewhat challenging" and the CTS as "somewhat easy," but he has been doing tax returns for over 25 years.

Investment Management Consultants Association (IMCA)

IMCA has offered the Certified Investment Management Analyst (CIMA) since 1988 and a newer designation, the Wealth Management Certificate, since 2003. Four thousand students have completed the CIMA program, which requires three levels of study, including one week of on-site work at the Wharton School in Pennsylvania or the Haas School at UC-Berkeley. The program costs \$5,115 for IMCA members, \$5,615 for non-members, and includes room and board for the on-campus week. CFPs receive 60 CE hours for completing the CIMA course.

IMCA claims the CIMA program is post-graduate level, and sources who completed the program said it was challenging. Nate Wenner, CFP, CPA/PFS, and an adviser with Wipfil Hewins Investment Advisors in St. Paul, Minn., describes it as rigorous but rewarding. "It trained me to think like a fiduciary investment consultant," he says.

Mark McCandless, CFP, CPA, and a vice president with RAV Financial Services in Beachwood, Ohio, also found the program challenging. He includes the designation on his business card and e-mail, although he realizes that it may go unrecognized. "Some clients have inquired about it," he says. "But people are overwhelmed by the number of designations out there--one more added to my name did not create significant interest. The CIMA has improved my ability to serve clients and that has been a source of new business, not the designation itself."

No matter which designation or degree a planner pursues, there's a risk of selecting a program that's too basic or too advanced. There is no mechanism for sharing opinions on programs among peers with comparable skills and experience. Planners in the same program can have diverse reactions depending on their backgrounds and expectations.

There is a good chance that at least a few of the programs among the numerous designations are designed to impress consumers and generate easy CE credit for planners. But sources for this article didn't hype a designation just because they'd earned it. Instead, they expressed the common goal of advancing their knowledge and skills.

A Certificate Sampler

As part of my research for this article, I enrolled (at personal expense) in the College for Financial Planning's Chartered Retirement Planning Counselor (CRPC) course. I couldn't take the final exam in time for this article's deadline because the exam was being revised, but I did read through the materials and the sample final exam.

*The content is well-organized and clearly written and would be a useful introduction to those who lack exposure to the retirement planning process. However, if you're an experienced retirement planner or have earned the CFP or ChFC designations in the past five years or so, this course won't challenge you. It covers introductory material: time-value-of-money calculations, investment fundamentals, retirement plan basics, etc.

*I saw no discussions of life planning, Monte Carlo simulations, or the need to coordinate assets and withdrawals across qualified and nonqualified plans. I've written extensively about these topics in recent years and was surprised by their omission.

*The sample test questions ranged from overly simplistic (calculate a client's net worth) to memory-intensive (calculate the impact of earnings on Social Security benefits).

The college charges \$650 for the basic CRPC package, which includes a 30-day refund window, although you forfeit the \$150 registration fee if you return the materials. I considered returning the materials after reviewing them but ultimately decided to keep them and complete the course. The articles I've written on retirement planning tend to have a narrow focus, and I hope that the program's broad review will be helpful.

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