

FINRA'S GUIDE TO PROFESSIONAL CREDENTIALS IS WORTH FOLLOWING



BY SARAH SIMONEAUX, CPC

FINRA's website offers a one-stop shop for retirement professionals looking for the best credential that will build trust and enhance their bottom line.

The most clicked on section of the Financial Industry Regulatory Authority (FINRA) website is the sub-heading called "Understanding Professional Designations" <http://apps.finra.org/DataDirectory/1/prodesignations.aspx>. Here anyone can check how one financial industry credential stacks up against another. Although FINRA doesn't approve or endorse any professional designation, firm compliance departments use FINRA's benchmarks as part of the process of approving credentials for use on business cards.

For example, ASPPA's Qualified Plan Financial Consultant (QPFC) and Certified Pension Consultant (CPC) credentials are both listed on the site. But how do ASPPA's—or another organization's—credentials measure up?

Here's what FINRA looks for in a credential and what it means:

ISSUING ORGANIZATION AND ACCREDITED BY

Credentials issued by a for-profit organization are designed, frankly, for the organization to make a profit. Although the courses and exams leading to the credential may be on point, continuing education requirements are likely to be granted only when attending the issuing organization's conferences and webcasts, or by using their specific materials. Independent accreditation is also more important for a for-profit issuer than for a non-profit one.

Under "Accredited By," look for a non-profit educational partner such as a college or university or an independent education organization with a track record of accrediting credentialing programs. Finally, what happens to the value of the credential if the organization is sold, merged, or just stops doing business?

Non-profit issuing organizations, on the other hand, are likely to have education as one of their primary missions, but not their only mission or source of revenue. If they're also membership organizations tied to the retirement industry, they're going to be around for as long as the industry survives. A good non-profit educational provider's goal will be to make credentials meaningful, robust, and up-to-date. They provide value to their designated members for the long term.

Accreditation is less important for a valid non-profit provider, but they're likely to have been accredited by an organization not listed by FINRA. For example, ASPPA's exams are overseen by the University of Michigan, and ASPPA courses and credentials are eligible for college credit with the American Council on Education. However, FINRA doesn't list either of these institutions under "accredited by." Check out for-profit and non-profit issuer's websites for the details of educational institutions that may be involved with their programs.

PREREQUISITES/ EXPERIENCE REQUIRED

If the credential doesn't require any prerequisites or experience, candidates should dig deeper. Although it's common to have no prerequisites for an entry-level certificate program (such as ASPPA's Retirement Plan Fundamentals or Tax-Exempt & Governmental Plan Administration Certificate), having no previous requirements for a designation can signify a less than robust credential. Most strong retirement professional credentials require some combination of industry experience, investment licenses, or certificate-level exams. An exception to this rule would be if the education and exam requirements show that multiple exams are required, some of which are proctored.

EDUCATIONAL REQUIREMENTS AND EXAM TYPE

These requirements are the meat and potatoes of any meaningful credential. Robust credentials will show a program of study here, typically one or more semester-long courses. Courses should have learning objectives, study guides, and/or textbooks and supplemental webcasts or boot camps. The fewer the study options and learning objectives, the less robust the credential.

CONTINUING PROFESSIONAL EDUCATION REQUIREMENTS

CPE requirements are second only to education and exam requirements when deciding on the value of a credential. Be careful of designations that have "none" in this box on the FINRA site.

How worthwhile would a doctor's specialty accreditation be if he or she never had to learn anything new? The same is true in the rapidly changing qualified plan profession. Imagine a credentialed professional who had no CPE required and wasn't up to date on the latest fee disclosure or fiduciary rules. Would you be comfortable hiring him to assist with your qualified 401(k) or 403(b) plan?

Look for a minimum of 10 credits

per year and preferably 20 credits per year. CPE shouldn't be restricted to the issuing organization's product; qualified CPE requirements should allow for other valid issuing organizations' offerings. For example, ASPPA and NIPA recognize each other's courses, webcasts, and conferences as valid CPE. In addition, ASPPA allows CFP and CEBS courses focused on qualified retirement plan issues to count as CPE.

COMPLAINT AND DISCIPLINARY PROCESS AND PROFESSIONAL STATUS

Transparency and accountability are the keys to maintaining a quality credential. Designations should have an ethics component that is backed by a meaningful complaint and public discipline process. Being able to check online if a professional has maintained her credential through CPE is also the sign of a designation that has "teeth." Credentials without the ethical backing of a robust discipline process may not stand up to those that have these processes and status checks in place.

Spending your money and, more important, your valuable time on a credential is a great way to distinguish yourself in a crowded field. And, spending your time and money wisely for a designation is critical to your career. Use the free tools provided by FINRA and ASPPA to evaluate the best credential for you and for your clients. **PC**



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