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Deciphering Designations

Keeping track of designations in the financial advisor arena can be as difficult as reciting the alphabet backwards. ChFC, CLTC, CSA, CFP, CMLU, CRPS, RFC — what do they all mean? There is an endless stream of certifications available to advisors, particularly those in the senior market. But the real question is, do they matter?

Designations are designed and marketed to distinguish an advisor. With so many different designations available, it is important to make an informed decision before enrolling in a class. A close comparison of curricula will reveal the quiet distinctions between each course. Costing anywhere from \$500 to \$2,500 and lasting as long as four days, these courses require a significant investment, but taking the right course at the right time can accelerate an advisor's career. >>>



**WHAT IS THE REAL VALUE
OF ADVISOR CERTIFICATIONS?**

How do you choose?

Dana Kellogg CEA, CLTC, CRA, CRFA, CSA, knows a thing or two about advisor certifications.

“There’s a new one out there every day,” says the owner of Kellogg Group Inc.

With so many courses to choose from, Kellogg recommends a careful review of the syllabi to really understand what the programs offer. Most organizations display detailed course curricula on their Web sites. An advisor should consider the options carefully and choose a designation that is appealing and strategic.

“I consider where I have a hole, and how I can get the education to fill that hole,” Kellogg explains.

With courses running the gamut from senior psychology to long term care to IRA distribution, there is ample opportunity for advisors to sharpen their skills. An advisor in the senior market can collect a comprehensive education by piecing together different courses.

“I’m a generalist. I want a broad knowledge base to best help clients,” says Kellogg, who also holds a real estate license and a master’s degree in human development. “I want to give complete advice.”

Dan Danbom, marketing communication director for the Society of Certified Senior Advisors (CSA) names two important criteria for deciding which certification to pursue.

“Advisors should ask themselves: How soon and how broadly can I apply this? and What is the reputation?” he recommends.

The reputation of an advisor designation is important. The letters on a business card are meant to promote an advisor, not carry negative connotations.

“The value of a credential is in what the public thinks of it,” says Danbom. “Our people must adhere to strict ethical standards.”

The initial cost and time involved to obtain a new certification is only the beginning of the investment. Advisors must review requirements for maintaining the certification year after year. Few courses simply hand over the letters and send you on your way. Renewal requirements often include CE courses or ethical practice reviews and they will most certainly include annual fees.

What do you get?

The return on investment for any particular certification course is more than a string of letters on a business card. Education is the primary benefit. The more an advisor knows, the better equipped he will be to assist clients.

Certification curricula range from specific to broad. The CSA designation, for example, offers a well-rounded schooling.

“Health, financial and social issues are so intertwined, you can’t focus on just one,” says Danbom.

The CSA does not emphasize financial or marketing techniques. Instead, it examines what life is like for a senior. Advisors are trained in senior psychology and physical disability, striving for better communication with clients.

The Certified in Long Term Care (CLTC) course, on the other hand, has a very specific focus. CLTC helps advisors design long term care strategies involving seniors and their entire families. The program incorporates insurance, savings spend down and family resources. LTCI is one of the most difficult products to sell and the program directly addresses this difficulty.

“People just don’t believe they will need it,” says Kellogg. “CLTC teaches you how to overcome this misconception.”

The Society of Certified Retirement Financial Advisors (CRFA) offers a new program targeting a niche in the senior advisor market. CRFA focuses specifically on financial planning for those already retired.

“CRFA really deals with estate planning issues,” says Kellogg.

Most organizations also provide extensive marketing support. While self-promotion is a common topic in the classes, the companies themselves dedicate a certain percentage of tuition to marketing their people and acquiring new clients. This marketing support ranges from inclusion on a Web site to regular brochure distributions to seniors around the country.

What is the value?

“I wouldn’t even know what CFP meant,” says Jim DeVray, 71, of Denver. Though DeVray does not employ a financial advisor, he would not consider the certification an important qualifier. Instead, he would seek an advisor who understands his financial situation and goals.

“If I came into a large amount of money, I would definitely look for help,” says DeVray. “But those letters mean nothing to me.”

The benefit of certifications goes beyond senior recognition. Kellogg recalls a client who faced significant capital gain and estate taxes.

“The agent [the client was] working with didn’t know about private annuities,” he explains. By suggesting a private annuity investment with stretched returns, Kellogg was able to save the family about \$230,000 in various taxes.

“Their estate planning attorney — get that: an estate planning attorney — offered no other solutions,” Kellogg says. “He had no other advice.”

Although this particular specialist saw no way around the hefty taxes, Kellogg’s CRFA education had taught him how to handle the situation.

“If you can save one family hundreds of thousands of dollars, the money for the course is incidental,” he says.

The opportunity to network with other professionals in the senior industry is another significant advantage of certification courses, according to Danbom. These classes offer the resources, in people and product, to further an advisor’s career.

“When we ask advisors in the field how [our designation] has helped, they say it has improved their credibility and improved their communication with seniors,” says Danbom. And this ability to communicate is essential. “It’s like learning a new language — a language called senior.”

It’s no magic bullet

“Research says that people pay attention to designations,” says Kellogg. “I don’t know how true that is. They either make a personal connection or they don’t.”

While specific financial designations may lend an advisor credibility, it is the personal connection that truly matters when signing on a new client.

Kellogg does not track whether his qualifications bring him business, but he firmly believes in the education they deliver. “You could have 30 designations but if there’s not a connection, it’s useless.”