Retirement Income Designations – Which Should You Choose?
By Wade Pfau
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With more than 50 certification programs based on the withdrawal phase of the planning lifecycle, advisors are faced with a paralyzing choice about which designation provides the most valuable curriculum. The issues surrounding withdrawal planning differ starkly from those encountered during the accumulation phase. An April 2013 report by the Consumer Financial Protection Bureau highlighted the consumer confusion over this issue. This confusion undoubtedly extends to financial advisors as well.

Let’s look at which programs are best positioned to allow advisors to guide their clients through retirement. I will highlight three of the more prominent and rigorous programs aimed at building knowledge about retirement income. These include the International Foundation for Retirement Education’s (InFRE) Certified Retirement Counselor® (CRC®), The American College’s Retirement Income Certified Professional® (RICP®), and the Retirement Income Industry Association’s (RIIA) Retirement Management AnalystSM (RMASM).

Full disclosure: I am personally involved with two of these designation programs. I am employed by the RICP® sponsoring organization and contribute to its curriculum. I am a former curriculum director for the RMASM, and I still participate in educational programs.

Introducing the designations

Interest in retirement designations is growing as more Americans find themselves near retirement and responsible for developing retirement income strategies. Planning for retirement income is fundamentally different from accumulating assets, as retirees quickly discover. Retirement is not about maximizing risk-adjusted returns; it is about meeting spending goals over an uncertain lifetime. Traditional concepts like modern portfolio theory have very little to say about meeting retirement needs.

Basic facts about three of the most promising designations are included in Table 1. I will provide more specific details about each designation.

Among these designations, the CRC® is the oldest and most established, with 1,872 current designee holders. The RICP® is the newest designation — its first designations were awarded this year. Nearly 3,000 advisors are currently working their way through the program.
Each designation takes a different approach to accreditation and education. I included some basic numbers regarding the time to completion in the table, but this is an important issue for which I will provide greater details below. All three designations require passing multiple-choice examinations. The CRC® designation is the cheapest of the programs, as it requires a specific body of knowledge but does not require formal course enrollment. Each designation includes continuing education requirements as part of the recertification process, and a code of ethics plays an important role in all of the programs.

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<th>Table 1: Overview of Retirement Income Designations</th>
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Costs

| Costs                          | $450 for exam, optional study guides are another $450 | $1,566 for registering all at once (otherwise, $640 per course plus $145 admissions fee) | Costs include $395 for certification and examination, $95 for the textbook, and the additional cost of an education program which currently ranges between $1,295 and $1,975 (with group pricing discounts available) |

Continuing Education

| Continuing Education | 15 hours per year | 15 hours every two years | 20 hours per year |

Recertification Fees

| Recertification Fees | $125 per year | $250 every two years covers any and all American College designations | $295 per year |

CRC®

The non-profit InFRE created the CRC® certification in 1999 with cooperation from the Center for Financial Responsibility at Texas Tech University. This certification stresses accumulation planning in addition to withdrawal planning and risk management.

A unique feature of this certification is that it is independently accredited by the National Commission for Certifying Agencies. The implication is that there is not a specific curriculum that must be mastered, but rather that enrollees must become familiar with the knowledge and the skill set to fulfill the tasks of a retirement counselor. The examination tests how well the candidate has achieved those objectives.

While there is not a specific curriculum to study, InFRE created an optional set of four study guides to facilitate preparations. These study guides were created separately from the exam creation process, so they do not directly teach to the test. The study guides...
cover the fundamentals of accumulation planning, investments, retirement plan design and withdrawal planning. Enrollees generally spend at least 25 hours studying each of these guides. Another 18 hours of recorded review sessions are also available to those self-studying for this certification.

InFRE Managing Director Kevin Seibert indicated that some of the special features of the CRC® certification include: focus on the middle market (as opposed to higher net worth clients), independent accreditation, partnership with a university that offers a leading financial planning program, support from various retirement industry organizations, requirement of a background check prior to certification and adherence to a code of ethics.

RICP®

The newest entrant among these retirement designations is The American College’s RICP® designation. The RICP curriculum may have the broadest curriculum of any of the designations, spread out among 18 competencies over three courses. Its deep and detailed curriculum includes video interviews and discussions with many leading practitioners and scholars, including Michael Kitces, Moshe Milevsky, Jonathan Guyton, Roger Ibbotson and John Ameriks. The three-course curriculum rolled out in 2012, and the first enrollees were able to complete the program in early 2013.

According to David Littell, the director of the New York Life Center for Retirement Income at The American College, each of the three courses includes about 25 hours of video and lecture content, a detailed study outline and practice questions. Each course takes students about 40 to 60 hours to work through at their own pace. His expectation is that each course will take 3-4 months to complete, so the designation can be earned within one year. Exams are offered at local testing centers throughout the country when students have finished each of the courses. Designees must also have three years of work experience in the financial services industry and adhere to a code of ethics.

Littell emphasized that strengths of the curriculum include its practicality and comprehensiveness, as it looks at a variety of withdrawal planning approaches. It includes detailed discussions about claiming Social Security, addressing long-term care and healthcare needs, securing housing and planning for income taxes and legacies.

This program has grown rapidly. With nearly 3,000 advisors working through the program at present, the RICP is poised to become the most common of these designations among advisors.
The RMA\textsuperscript{SM} curriculum seeks to create a sound theoretical framework for withdrawal planning pre- and post-retirement. The examinations focus on core competencies. The theoretical foundation of the RMA\textsuperscript{SM} designation is based on lifecycle finance, an approach that emphasizes meeting essential needs, as opposed to a more probabilistic approach based on the likelihood of failure. The constantly evolving curriculum includes contributions from academics and practitioners. The fifth edition now being released with Peng Chen as curriculum director includes contributions from Michael Zwecher, Larry Kotlikoff, Dana Anspach and Michael Kitces.

In the words of Francois Gadenne, the key figure behind the development of RIIA and the RMA\textsuperscript{SM}, “the goal of the RMA\textsuperscript{SM} is to how to satisfy the retiree's income needs (and wants). All discussions, tools, techniques, methodologies lead to outcomes as opposed to expectations. The differentiated identity of the RMA\textsuperscript{SM} is an outcome-oriented discipline as contrasted to an expectations-oriented discipline.” Conceptual components of the program include a distinction between investment-based, goals-based and product-based planning, the importance of the household balance sheet, the distinction between systematic and unsystematic risk exposures and the differences in risk-management allocations (also known as flooring allocations).

Currently, three accredited universities offer educational programs for the RMA\textsuperscript{SM} designation. These programs are designed by the universities to maintain a separation between the educators and the creators and testers. Boston University offers an online program, and Texas Tech University and Salem State University have both offered weeklong boot camps for the curriculum. Unlike the other designations, candidates must enroll in an RIIA-approved professional education program at an accredited university and cannot simply self-study.

Other advantages of the RMA\textsuperscript{SM} designation include its association with the peer-reviewed \textit{Retirement Management Journal}, frequent webinars, two annual conferences, research programs and outreach to consumers. Entry to RMA candidacy requires demonstrated knowledge and experience with basic retirement planning and investments, at least three years of relevant experience and possession of relevant FINRA or other financial designations.
The bottom line

Having had the opportunity to craft sections of the curriculum and see my own research featured prominently throughout, I have a natural affinity for the RICP™ program. It effectively blends financial and academic views toward retirement income while providing details about nearly any topic related to retirement income plans. Nonetheless, advisors seeking to build and strengthen their knowledge about retirement income planning could not go wrong with any of these three programs.

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