

MEASURING THE ROI ON

ADVISOR DESIGNATIONS

Four Ways Advanced Professional Designations Can Drive
Personal and Practice Growth



The ABC's of Advisor Designations

While more than 250 professional designations are available to financial advisors, the following are among the most popular.

AIF®	Accredited Investment Fiduciary®
CFA®	Chartered Financial Analyst
ChFC®	Chartered Financial Consultant®
CFP®	Certified Financial Planner™
CAIA	Chartered Alternative Investment Analyst
CDFA	Certified Divorce Financial Analyst
CIC	Chartered Investment Counselor
CIMA®	Chartered Institute of Management Accountants
CLU®	Chartered Life Underwriter®
CMFC	Chartered Mutual Fund Counselor
CRPC®	Chartered Retirement Planning Counselor SM
CPFA	Certified Plan Fiduciary Advisor
CWS®	Certified Wealth Strategist®
RICP®	Retirement Income Certified Professional

Gain competitive advantage in a crowded field

Pursuing advanced professional designations or certifications can lead to deeper competency, increased earnings potential, and more profitable client relationships—all of which can put you at a competitive advantage. However, obtaining the credentials you seek requires a significant investment of your time and, in many cases, money. Whether you're paying for the advanced training yourself or your firm is footing the bill, you're putting in the hard work—completing required course work, studying for exams, and more. That's why taking the time to assess your potential return on investment is a critical step in determining which designations to pursue. But how do you begin, and what type of return on investment should you expect?

Assessing the merits

Adding an advanced designation demonstrates a commitment to your craft and fosters greater trust among clients; they know you have a deep understanding of the financial landscape and will put it to work on their behalf. Expanding your successful practice to offer more of what your clients are looking for can not only help you remain competitive, increase client retention, and generate new revenue streams, but realize measurable practice growth. That's a pretty strong case for return on investment.

However, not just any designation will do. The designations you choose to pursue must be relevant to your clients and your practice and help generate new business through referrals. The merits of advanced certification can generally be separated into three categories: value to you, value to your organization, and value to your clients and centers of influence (COIs).

Value to you:

- **Professional credibility**—attests to the marketplace that you possess specific knowledge and skills and were willing to put in the time and effort to become certified.
- **Personal satisfaction**—provides the confidence to assert yourself as a subject-matter specialist.
- **Professional growth**—career development enhances the skills you currently possess.

Value to your firm:

- **Fill a gap in skills or experience**—if your firm lacks specialized knowledge in a certain area or discipline, team members with the corresponding professional credentials can help fill that gap to serve a broader range of clients and client needs.
- **Niche experience**—can be a valuable asset to practices seeking to attract a specific group of clients or appeal to very narrow client needs. For example, advisors holding the Accredited Investment Fiduciary® (AIF®) designation may provide a competitive advantage for a firm seeking to expand wallet share among its business-owner clients through managing clients' corporate retirement plans.



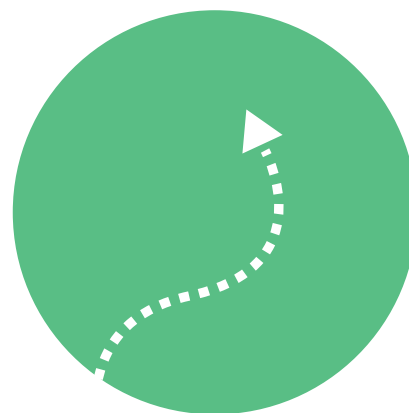
Value to clients and COIs:

- **Differentiation**—certifications can help you stand out among generalists in a competitive marketplace.
- **Fiduciary expertise**—as the investing public becomes increasingly educated, more clients recognize the value of designations that speak to the advisor's adherence to specific fiduciary standards and practices. This is particularly true in the corporate retirement plan market where 70% of plans retain an independent investment advisor to assist with fiduciary responsibility.¹
- **Increased referral potential**—Some clients and centers of influence (COIs) may not even consider working with advisors unless they possess certain designations.² For example, some clients may only want to work with a fee-based Certified Financial Planner™ (CFP®) professional, while certain divorce attorneys may only refer clients to a CFP® or Certified Divorce Financial Analyst (CDFA) professional.

Four ways advanced professional designations help drive practice growth

As a wealth advisor, there's no question that time is your most precious commodity. That can make it difficult to set aside the hours required to obtain the level of training and advanced knowledge you seek. However, obtaining certain industry certifications or advanced designations can go a long way toward demonstrating you're committed to the future of your practice and serving your clients' growing needs. It can also help you more easily embrace the comprehensive approach to client service that's shaping the future of the wealth management industry. Doing so can not only help create long-term value and continued relevance, but harness opportunities to:

- Increase earnings and revenue potential
- Attract and retain more profitable client relationships
- Meet a greater number of client needs
- Help mitigate fiduciary risk



Choosing Your Path

Advanced certifications can require significant time and energy, so before you embark on your journey, make sure you're fully aware of the course requirements and workload, including the availability of exam preparation resources and study groups. When considering your options, ask yourself the following questions:

- Is the designation recognized industry-wide?
- How will it help advance your career and practice goals?
- Do you meet the prequalification requirements?
- What are the course requirements?
- How much time will you need to invest?
- Are there continuing education and/or recertification requirements, and are you able to continue investing the time to meet them?
- What resources does your firm provide to support your advanced education and training efforts?

¹ Plan Sponsor Council of American (PSCA): 60th Annual Survey of Profit Sharing and 401(k) Plans

² Capital Group/American Funds Survey: What high net worth investors want, 2017

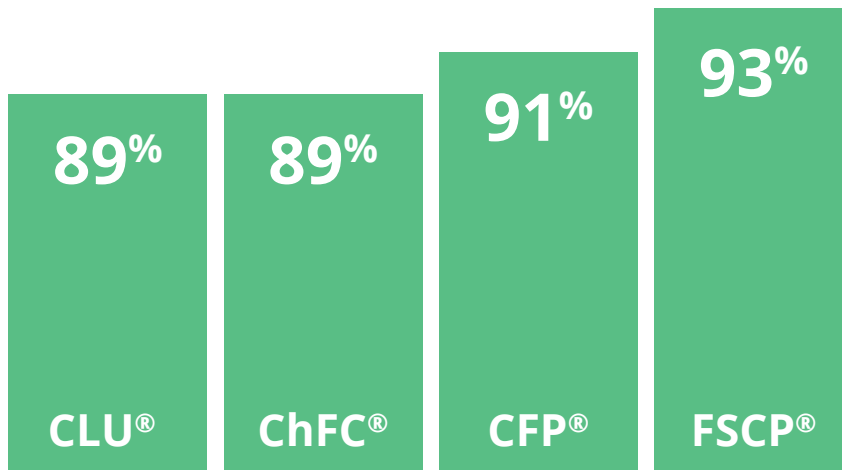
1. Increase earnings and revenue potential

A 2017 study of advisors holding the RICP®, CLU®, ChFC®, CFP®, or FSCP® designations over various career stages found that registered representatives with a designation earn **51% more** than those without a designation, and those with two or more designations **earn 69% more** than their counterparts³ In addition:

- **Eighty-eight percent** of respondents indicated that their designation has **improved their ability to meet customer needs**
- **Ninety-six percent** of RICP® designation holders said the designation was a **worthwhile investment in their career development.**³

CERTIFICANTS RATE THEIR DESIGNATIONS

The graph illustrates the percentage of designation holders who view their specific designation as a worthwhile investment.



Source: The American College Designation Outcomes Study, 2017

Advanced credentials help drive team performance

A separate study on high-performing advisor teams noted that top-quartile teams have a broader mix of advanced credentials compared to other quartile teams, adding that high performers emphasize the value of professional development and continuous expansion of technical depth across their teams, allowing them to broaden and deepen their overall service delivery.⁴

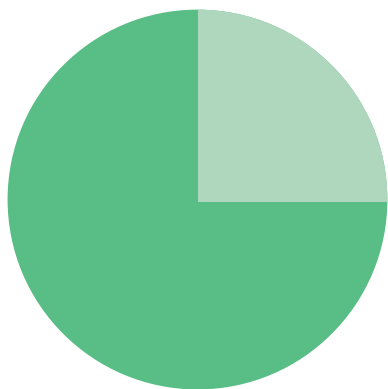
Specifically, top-performing teams have an average of 1.4 different types of credentials across team members, compared to 1.2 for lower quartile teams. The study concluded that the emphasis on continuous development allows high-performing teams to win clients and grow their practices because they're better equipped to address their clients' complex needs and objectives.⁴



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³ The American College Designation Outcomes Study, 2017

⁴ Cerulli Associates - Investments & Wealth Research: High-Performing Advisor Teams; Focus Research Series, Issue 4, 2017



More than three-quarters of clients say designations and certifications would be at least somewhat important to them if looking for a new advisor right now.²



2. Attract and retain more profitable client relationships

Fifty-seven percent of practice management professionals say that serving too many non-ideal clients continues to be a major challenge for advisors.⁵ Overcoming this challenge requires the ability to attract and retain high-value clients that are a good fit for your offering and your specialization. In many cases, obtaining advanced industry credentials can more easily convey your value to clients while serving to deepen the trust clients place in you to deliver on their growing demands for objective advice and holistic solutions across all aspects of their finances.

A recent study of high-net-worth investors found that:²

- **Sixty-two percent** say advisors seeking designations on their own volition is at least somewhat important.
- **Sixty-two percent** say it was at least somewhat important their advisor holds voluntary designations in addition to what's required.
- **About a third** of clients originally looked for advisors that hold certain designations when they evaluated candidates.
- Among this group, **three-quarters** of clients say they wouldn't have worked with advisors lacking the certifications they seek.
- **More than three-quarters** of clients say designations and certifications would be at least somewhat important to them if looking for a new advisor right now.

⁵ The Cerulli Report –U.S. Advisor Metrics 2017: The Next Generation of Planning

3. Meet a greater number of client needs

Thanks to technology, many of the resources and tools that were previously only available to the advisor community are now readily available to clients. Add the growing consumer demand for fee transparency to the mix, and you have a greater number of clients placing increased scrutiny on the value their advisors bring to the relationship and the fees paid for services and advice. That places a lot of pressure on advisors to not only differentiate themselves in a crowded market, but clearly delineate the value they bring to each relationship.

While immensely valuable, a generalist professional credential such as the CFP® certification or ChFC® may no longer be enough for all situations, but they are definitely credible starting points for providing sophisticated advice.⁵

According to a 2017 report on *The Next Generation of Planning*, at the most basic level, firms will need to be able to demonstrate that advisors have the knowledge and skills required to provide advice on specialized topics. While immensely valuable, the report indicates that a generalist professional credential such as the CFP® certification or ChFC® may no longer be enough for all situations, but they are definitely credible starting points for providing sophisticated advice.⁵

Further, the report states that practices that have advisors or specialized staff with advanced designations are at an advantage in a competitive market. In order to work with affluent clients who demand a higher level of engagement and greater degree of specialization, advisors need to be able to lean on dedicated resources, either at their broker-dealer home office or in their own practices.

Among advisor practices participating in the study:⁵

- One-fifth of large practices with \$500 million or more in assets under management (AUM) have a CFA® charterholder employed in the practice, compared to 7% of all advisors.
- The CFA® designation is also most common among independent registered investment advisors (RIAs), 17% of which employ a CFA® charterholder.
- Fifty-eight percent of wealth managers are most likely to have individuals with an MBA in their practice.



4. Help mitigate fiduciary risk

Designations can also play an important role as part of a comprehensive risk-mitigation strategy for meeting your fiduciary obligations. According to Cerulli, education that goes beyond “check-the-box” training on how to be a fiduciary will be essential to advisors going forward.⁵ For example, the Accredited Investment Fiduciary® designation can help advisors build consistent, prudent practices into their client experience model with greater knowledge and training around building and documenting a best interest standard. Similarly, CFP® professionals receive extensive training on, and must adhere to, stringent ethical and behavioral standards as mandated by the CFP Board.

Focus on the future

As the wealth management industry continues to grow and evolve, it's important for advisors seeking to remain relevant and competitive to keep their future goals top-of-mind. One way to accomplish this is by adopting industry best practices in education, professional development, and training that are aligned with your vision for the future of your practice. Consider the following as you pursue your professional development goals:

- **Take advantage of business development resources**—Numerous opportunities are available to advisors seeking to work one-on-one with coaches or mentors, join peer mentoring programs, or access business development resources provided by their broker-dealer partners. These resources can be invaluable in providing advice and guidance on where the industry is headed and which advanced designations may provide the greatest ROI, based on your personal and practice growth goals.
- **Develop a certification calendar**—Consider incorporating a calendar outlining your short- and long-term training and professional development goals into your business plan. A calendar can help make sure you remain on track to complete your current certification and any continuing education requirements.
- **Join a study group**—Study groups provide a support system for tackling complicated materials and topics and can solve one of the greatest challenges advisors grapple with—adhering to a regular study schedule while running a practice. Study groups help keep members remain accountable, motivated, and on track toward a mutual goal while providing a forum for sharing knowledge and furthering each members' mastery of the material. Study groups can also help build and advance your peer network, providing ready access to professionals you can bounce questions or ideas off of as you put your new knowledge and skills into practice.
- **Plan to put your new skills into practice**—You don't have to wait until you've passed your exams to determine how you will use your new skills to attract high-value clients and build practice value. Begin developing a plan now so you can hit the ground running once you've passed the test. Consider how your new designation may change or broaden your client service offering and how you will communicate this to clients, prospects, and centers of influence. Will you showcase your new skillset by hosting client seminars or workshops, offering a new service (such as financial planning), or partnering with centers of influence seeking specialized knowledge?
- **Create a culture of learning**—Creating a culture that supports and encourages ongoing education and professional development can help firms build stronger teams while strengthening staff retention. Encouraging junior advisors and staff to pursue advanced education opportunities not only enhances team skills and depth but provides career development opportunities that are critical for retaining current talent and building stronger connections to next-generation talent.



The bottom line on professional designations

Going above and beyond your continuing education requirements to pursue an advanced designation can have a measurable impact on your practice growth. This strategy can provide significant benefits for you and your clients from attracting and retaining profitable client relationships, to satisfying a greater number of clients and their financial needs and leveraging strategic alliances with centers of influence.

How You Benefit:

- More meaningful client relationships
- Potential to increase profitability and revenue
- Potential for increased referrals from clients and COIs

How Your Clients Benefit:

- Holistic view of their finances
- Solutions to their most complex needs
- Purposeful planning
- Fiduciary advice and guidance

Work with a Partner Who Values Your Growth

While pursuing advanced industry credentials requires time and effort, it helps to have a partner with the resources to help support the full range of your business development goals. Everything we do is focused on enabling the effective delivery of financial advice, reaffirming the value of our profession, and helping you build relationship alpha—including providing access to resources that increase your industry acumen and breadth of services.

The Cetera Advisor Education team offers live, on-demand, and in-person opportunities throughout the year so you can stay up to date on the latest industry trends and current with your continuing education requirements. Our conferences and workshops deliver a comprehensive learning and development experience so you can continue to meet and exceed client expectations. As part of Cetera, you'll also have access to concierge-level assistance from experienced business coaches, advanced planning specialists, marketing strategists, and retirement plan consultants to help maximize your value and provide clearer differentiation in the marketplace.