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PERSONAL FINANCE

Financial Pedigrees—Or Blarney?

A guide to decoding the dizzying array of acronyms on your adviser's business card

Next time you sit down with a financial adviser, make sure you bring along a bowl and a spoon. You may need them to get through the alphabet soup of acronyms on the adviser's business card.

In addition to standard accreditations such as Certified Financial Planner (CFP) and Chartered Life Underwriter (CLU), there's a new crop of titles that cover specialties such as advising senior citizens, choosing alternative investments, and investing with Christian values.

Overall, the financial-services world boasts nearly 90 designations, titles, degrees, affiliations, certifications, and accreditations, some of which require little more than a check to obtain. "With college degrees, there are diploma mills. There is the absolute equivalent with financial certification," says Jack Waymire, author of *Who's Watching Your Money* and founder of the Paladin Registry (paladinregistry.com), which helps investors find advisers.

The proliferation of acronyms has caught the eye of state regulators, particularly for designations aimed to impress senior citizens. During the past two years states shifted their focus to financial credentials such as Certified Senior Advisor (CSA). The CSA designation requires a three-day course administered by the Society for Certified Senior Advisors, a Denver company that started offering the credential in 2004.

Plenty of other designations are aimed at providing expertise to investors 55 years and older, including Certified Senior Consultant (csc), Certified Senior Specialist (CSS), and Chartered Senior Financial Planner (CSFP). With so many to choose from, "these senior-vintage designations are confusing and may even be deceptive," says Wisconsin Securities Administrator Patricia D. Struck, who is past president of the North American Securities Administrators Assn., an investor protection group.

In Nebraska, the state's Bureau of Securities issued a special notice on Jan. 1 to all federally covered and state registered investment advisers requesting that "firms prohibit the use of all professional designations that state or imply a specialized knowledge of the needs of senior investors by their...investment adviser representatives registered in Nebraska." Says Jack Herstein, assistant director of Nebraska's Finance & Banking Dept.: "There are some legitimate designations like the CLU, which take three years of study to complete, but others do it in one weekend," adding that "we are trying to weed out which designations represent meaningful achievement and which are plain marketing tools." While Herstein would not single out any particular credentials as bogus, he says complaints from seniors about bad or deceptive investment advice have led to at least 60 investigations during the past two years, a significant increase.

(On Feb. 5 the organization that oversees the CSA added new language in its code of conduct to let the group notify regulators if persons who use the CSA designation are not CSAs in good standing. The CSA designation isn't limited to financial types. Among the 13,000 with it are funeral directors, elder law attorneys, and health-care administrators.)

The value of an adviser's credentials is hard to compare when each designation has its own requirements. Brokerage licenses are overseen by the NASD, the private-sector regulator of the U.S.'s securities industry. But no such watchdog exists for the panoply of financial planning groups.

Even so, several factors seem to distinguish a meaningful designation from a framed certificate. Financial experts agree that the most substantial designations require significant educational coursework, testing, rigorous continuing education requirements, a code of ethics, and a governing body that has the power to remove the bad apples.

BACK TO SCHOOL

Of all the financial planning designations, the one that carries the most clout is Certified Financial Planner. Even brokerage firms are recognizing its value. Last year, for instance, A.G. Edwards & Sons Inc. ([AGE](#)) launched an internal campaign to get more of its financial consultants to earn a CFP certification. "It allows you to be a better steward for your client," says John Hagedorn, vice-president and manager of continuing education at the firm. The goal is to have 1,200 CFPs among its 5,600 brokers by the end of this year.

In addition to the amount of time it takes to earn a title, the requirements to maintain it are key. If you have complicated taxes, you want an adviser who is up to date on the tax code. Yet continuing education requirements run the gamut from 60 hours every two years in six core areas (National Association of Personal Financial Advisors) to no continuing ed (Chartered Alternative Investment Analyst). Ask your adviser about ongoing coursework.

Of course, vetting an adviser strictly by titles and education is not enough. What fancy titles won't help you determine is the quality and breadth of an adviser's expertise. "In our more-is-better society, there is a risk that a person seeking advice will believe a string of credentials establishes excellence," says Kathleen Hartman, a financial adviser at Greenleaf Financial in Indianapolis.

Although you won't find a general consensus on which designations are the best or the worst, some add more weight to an adviser's business card. You need to be the judge on whether the initials beside an adviser's name confer quality or quackery.

By Lauren Young

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