

## AIFA® DESIGNEES ADHERE TO STRICT STANDARDS OF QUALIFICATION: A GUIDE FOR INVESTORS AND INVESTMENT STEWARDS

### Background

Over the last few years, many investment advisors have augmented their professional qualifications by participating in additional education or training programs; most of these programs award their graduates the right to use a professional designation, including words such as “certified,” “chartered,” “accredited,” or “registered.” Several financial regulators have developed information intended to help investors—particularly senior citizens—understand the various designations in use today. For example, the Financial Industry Regulatory Authority has developed a number of pages on its website intended to help investors understand professional designations.<sup>1</sup> These pages include a map indicating which states have rules regarding the use of professional designations.<sup>2</sup>

Under the direction of the Dodd-Frank Act, the Consumer Financial Protection Bureau requested public comments regarding a broad range of financial matters affecting seniors, including possible confusion caused by a multiplicity of designations.<sup>3</sup> The Bureau has since issued a report that recommended that the Securities and Exchange Commission (“SEC”) take actions with respect to professional designations intended to protect seniors from misunderstanding and abuse.<sup>4</sup>

Most recently, the SEC and the North American Securities Administrators Association (consisting of state and provincial securities regulators in the United States and Canada) jointly issued an investor bulletin: “Making Sense of Financial Professional Titles.”<sup>5</sup> This bulletin contains valuable information for consideration by investors, including six questions that the SEC and NASAA suggest that investors ask regarding any professional designation used by a financial advisor:

- Who awarded your title?
- What are the training, ethical, and other requirements to receive the title?
- Did you have to take a course and pass a test?
- Does the designation require a certain level of work experience or education?

- To maintain the designation, are you required to take refresher courses?
- How can I verify your standing with this organization?

### AIFA Designation Overview

fi360 supports these efforts to inform the investing public and the investment stewards<sup>6</sup> who are charged with choosing qualified service providers to advise on the management of investment decisions. We also stand behind the qualification standards used to certify individuals who are authorized to use the AIFA title in association with their financial and investment services.

All qualified AIFA Designees can proudly and confidently answer each of the questions recommended by the SEC and NASAA:

#### 1. Who awarded your title?

The AIFA is awarded by the Center for Fiduciary Studies, a division of fi360, Inc. The Center for Fiduciary Studies is the standards-setting body for fi360 and develops and maintains the Prudent Practices that are the foundation upon which fi360 is built. The Prudent Practices are derived from the fiduciary duties of care and loyalty, and embody a process by which an investment professional those fiduciary duties in his or her professional practice.

Since 1999, fi360 has been supporting a more prudent investment decision-making process by offering world-class Training, Tools, and Resources for investment fiduciaries and other financial services providers.

#### 2. What are the training, ethical, and other requirements to receive the title?

In order to earn and maintain the AIFA Designation, individuals must fulfill the following requirements:

- Meet the prerequisites and qualification and conduct standards
- Accrue ten hours of continuing professional

education with at least six coming from fi360-produced sources

- Attest to the AIFA code of ethics
- Maintain current contact information in fi360's designee database

### 3. Did you have to take a course and pass a test?

AIFA® Designation Training is a 3-day classroom course that prepares students to conduct fiduciary assessments on firms' conformance to the Prudent Practices. The course culminates with an accreditation exam for those wishing to obtain the AIFA designation. The evaluation of a student's success in the program is based on three main factors: AIFA quiz, the final exam, and participation.

Upon successful completion of the program, participants will be able to:

- Implement the prudent investment processes for investment stewards, investment advisors, and investment managers
- Perform a fiduciary assessment to verify or certify an entity's conformity to a "Global Fiduciary Standard of Excellence"
- Demonstrate an understanding of the importance of the Standard in the industry, who benefits from the standards and what benefits are realized
- Certify and periodically assess institutional assessments

### 4. Does the designation require a certain level of work experience or education?

Yes. Candidates for the AIFA Designation must meet prerequisites established by the Center for Fiduciary Studies. These include a combination of education, professional development, and/or work experience.

### 5. To maintain the designation, are you required to take refresher courses?

AIF designees must obtain ten combined hours of continuing professional education each renewal year from the sources listed below (at least six hours must be accumulated from the listed fi360-produced sources):

- The fi360 annual conference (live event)
- Archived recordings from past fi360 conferences (from the on-demand fi360 CE directory)
- fi360 Resources webinars (live)
- Archived recordings of Resources webinars (from the on-demand fi360 CE directory)
- Relevant events produced by sources outside of fi360 (max of two hours per year allowed)
- Web-based AIF Training (course audit)
- Participation in a CEFEX Certification team or as a liaison officer at a firm being Certified (max of 3 hours/year)

### 6. How can I verify your standing with this organization?

AIFA designees are listed in the Designee Search database maintained by the Center for Fiduciary Studies, <http://fa.fi360.com/myfi360/designeesearch>

## Thank you.

We are proud of the AIFA designation and the effort our AIFA Designees expend to obtain and maintain their Designation. We hope that this will help you explain the importance of the Designation. Please feel free to e-mail a copy of this sheet to your clients and potential clients.

1. <http://www.finra.org/Investors/ToolsCalculators/ProfessionalDesignations/>
2. <http://www.finra.org/Investors/ProtectYourself/BeforeYouInvest/p120759>
3. <http://www.regulations.gov/#!searchResults;rpp=25;po=0;s=cfpb-2012-0018;fp=true;ns=true>
4. [http://www.consumerfinance.gov/f/201304\\_CFPB\\_OlderAmericans\\_Report.pdf](http://www.consumerfinance.gov/f/201304_CFPB_OlderAmericans_Report.pdf)
5. [http://www.sec.gov/investor/alerts/ib\\_making\\_sense.pdf](http://www.sec.gov/investor/alerts/ib_making_sense.pdf)
6. fi360 defines "investment stewards" as those individuals who have legal responsibility for managing assets on behalf of others, including trustees, investment committee members, and retirement plan sponsors.

FOR MORE INFORMATION: [WWW.FI360.COM](http://WWW.FI360.COM)