JANE BENNETT CLARK > Rethinking Retirement

Be Wary of "Senior" Experts

Which financial adviser would you pick to give you advice on retirement: a planner with extensive training as a generalist or someone who claims special expertise in retirement issues?

If you said the latter, you could be setting yourself up for a scam—or at least sketchy advice. Planners eager to mine the rich vein of retirement savings are using credentials such as *certified senior investment planner* and *registered senior investment adviser* to get you in the door and sell you products, according to a report by the Consumer Financial Protection Bureau. Among the products they pitch are certain types of annuities that may be risky, overpriced or inappropriate.

Often, the impressive credentials or chain of letters following an adviser's name represent not much more than attendance at a weekend seminar or a few hours' study, if that. Ersatz "credentials" may even be used by scammers eager to get your business. "I've seen business cards that say 'HSG,' for 'high school graduate,'" says Gerri Walsh, president of the Finra Investor Education Foundation, which promotes financial literacy. These self-declared experts typically target older people (mostly men) who are affluent, educated and consider themselves financially savvy. "It's not the isolated little old lady" who is being drawn in, says Walsh. "Fraudsters go where the money is."

Real versus faux real. Not every adviser with a specialty aimed at seniors is using lightweight or trumped-up credentials. Some designations demand rigorous training, testing and follow-up. For instance, an *accredited estate planner* must also be a lawyer or similarly qualified professional, take two graduate-level courses, and have five years of estate-planning experience. Compare those credentials with those for an *accredited retirement adviser,* who can take a 100-question exam without any academic or professional prerequisite.

One easy way to identify an adviser with expertise is to look for the *certified financial planner* designation. The CFP credential indicates that the planner has taken a college-level program in financial planning or the equivalent, passed a tough exam, and clocked at least three years as a full-time personal finance planner.

So rigorous is the training that anyone who earns a CFP is unlikely to tack bogus credentials onto it, says Michael Kitces, a partner (and CFP) at the wealth management firm Pinnacle Advisory Group, based in Columbia, Md. "Why add the junk if you've already gotten a high-quality credential?" he asks. Kitces has suggested that regulators set a minimum standard for financial planners, such as the CFP. "If such a rule were put into place, I suspect that almost all the specious designations would vanish," he says.

As for other credentials, check Finra's "Understanding Professional Designations" database at www.finra.org. Use the tool to find designations and compare them side by side, vetting their educational requirements, exam type, complaint process and accreditation status. You can also find background information on brokers and advisers, including their qualifications and disciplinary history, at http://brokercheck.finra.org.

The Department of Labor has raised a related concern about brokers who offer retirement advice. The current standard requires only that brokers provide their clients with "suitable" advice, be it about rolling over a 401(k) into an IRA or about which products to buy. The DOL would bump up the current standard for brokers to a higher, fiduciary standard, which requires advisers to put their clients' interest before their own (see "Ahead," on page 11). ■

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