



Frequently Asked Questions

What organization issues this designation?

The Retirement Income Industry Association (RIIA). Founded in 2006 by leading companies, advisors and academics, RIIA as a not-for-profit organization with national and international members strives to address the challenges facing the dramatically changing retirement income landscape. RIIA's mission is to bring the retirement income industry (commercially, academically and through affiliated associations) together with a "View Across Silos" to develop the products, processes, education, and advisory services Americans need to create a secure retirement. Because RIIA members span the entire industry, they create a forum for sharing the freshest outlooks, the most modern thinking, the latest research and education, and the newest product development within the realm of retirement income. This unique view provides investors and advisors with unbiased perspectives on key retirement income issues.

What is the RMASM Designation?

A rigorous educational and ethics training curriculum that teaches financial advisors the RIIA Advisory Process to provide successful retirement income solutions to clients. The RMASM designation is focused specifically on key concepts and practical application of retirement income planning and management, as well as constructing of portfolios to support retirement income. It doesn't cover basics of retirement rules (IRAs, employer plans, etc.) or investments and other retirement income products and services.

What is The RIIA Advisory Process?

The process which is laid out in the book, The RIIA Advisory Process, reminds those of us from the world of investment management that we do not create financial portfolios for their own sake. As clients age, the purpose of the portfolio is increasingly to provide retirement income. The RIIA Advisory Process is designed to provide a classification system for retirement management in general and for specific topics, products, processes and solutions related to retirement income. Based on the on-going work of RIIA's Education Committee, the primary goal is to clarify the role that financial advisors and their clients play in the creation of retirement income. In the accumulation framework, the advisor's role is to place bets and create expectations that the market may or may not fulfill. In the retirement framework, the advisor's role is to pursue outcomes, i.e. To build a floor and create upside potential. We assume that during retirement clients need a sufficient level of income ("a floor") from guaranteed or low-risk sources, as well as the potential for growth through exposure to riskier assets (the "upside").

What prerequisites or experience are required to obtain this designation?

Candidates for the RMASM examination are accepted on the basis of prior education, experience, and ethics requirements. In general, RMASM candidates already have demonstrated knowledge and experience in the practical application of this knowledge. Typically, we would look for at least 5 years experience as a financial

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advisor working with clients broadly on retirement and non-retirement portfolios, or comparable experience in the financial services industry directly involved in the retirement and investments business. Holding various FINRA registrations, e.g. series 7, 24, 63, 65, or 66, as well as other designations, e.g. CFA, CFP, etc. will all be considered as evidence of prerequisite knowledge

What other requirements of the RMASM candidate?

Candidates for the RMASM designation must:

- Have, at a minimum, a Basic Individual Membership with RIIA.
- Pay the Application Fee to cover the registration costs and the required texts that RIIA provides to candidates.
- Pay the Examination fee to cover the costs of administering the exam.
- Upgrade, for those who pass the exam, to Full Individual Membership with RIIA which will provide for certain ongoing continuing education as well as other member benefits.

Who is *The RIIA Advisory Process* book for?

Financial professionals, including asset managers, licensed agents and representatives of broker/dealers, registered investment advisors and certified financial advisors of all kinds (see Appendices B and C in *The RIIA Advisory Process* for a complete list of practitioners) can expect this book to help them:

- Organize their thoughts about their clients’ financial situations.
- Reach conclusions about their clients’ retirement income needs.
- Recommend an appropriate retirement income plan.
- Explain why the plan makes sense.
- Implement the plan by changing the clients’ asset allocations or enabling them to purchase new products.

What are the major areas of study for the RMASM designation?

Building comprehensive portfolios and plans that have the following features:

1. Traditional wealth management coupled with mitigation of the lifestyle risks specifically related to retirement and aging, and
2. Conformance to emerging ethical standards and business best practices.

Building the plan to mitigate risks	Mastering the advisory process
<p>Objective is to learn to create complete plans for retirement income that:</p> <ul style="list-style-type: none"> • Assures the client a floor of retirement income • Provides appropriate exposure to upside potential 	<p>Using a simple “hub and spoke” metaphor, the client is at the center and the process looks at:</p> <ul style="list-style-type: none"> • The household balance sheet • Creating a life-cycle profile • Assessing retirement risks

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<ul style="list-style-type: none"> • Is based on each client’s unique goals and circumstances 	<ul style="list-style-type: none"> • Risk management allocation • Choosing the right products <p>The objective is to expand the focus from traditional “Financial Capital” to now include Human Capital and Social Capital.</p>
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Additional areas of study are:

- Working with the household-level Human Capital /Social Capital/Financial Capital Risk Profile client information to determine the portion of the portfolio that should go to flooring.
- Learning how traditional accumulation approaches fit in the process.
- Learning new engineering and economic approaches to building flooring and upside portfolios.
- Learning about specific products and implementation/production issues.
- Learning about the ethical standards and best practices of retirement income.
- Achieving mastering through cases and the use of the RMASM Teaching Software Platform.

Finally, the RMASM Body of Knowledge and text book includes the diversity of perspectives from across every “silo” in the financial industry including insurance, investment, advisory, public policy and academic worlds.

What do I need to know prior to reading the required text?

The authors assume that readers of this book already understand:

- The concepts of present value, future value, compound interest and valuation of assets by discounting future cash flows.
- The risky asset classes, including stocks and bonds.
- The principles (but not necessarily the mathematics) of Markowitz Optimization, the Efficient Frontier and Modern Portfolio Theory.
- The major types of investment and retirement accounts (e.g. defined benefit, defined contribution, IRAs, taxable accounts, etc.), products (e.g. mutual funds, annuities, CDs, etc.) and the regulations or laws that govern them.

We do not assume that all readers will be familiar with:

- The Consumption to Financial Capital ratio
- Household asset/liability matching
- Risk aversion as opposed to risk tolerance
- Consumption Smoothing
- Selecting the appropriate mix between flooring and upside portfolios

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- Risk pooling techniques including mortality credits
- Risk transference techniques
- Selecting the appropriate mix or risk management techniques for both the flooring and the upside portfolios
- Building client specific Flooring Portfolios

What is the course of study and when is the next exam?

Currently the RMASM candidates perform self-study by reading the required text books and working with the online RMASM teaching software platform and then pass a comprehensive examination. The next RMASM Review Session and Examination will be held on October 4, 2010 from 8:00 a.m. – 5:00 p.m. at the Boston Hyatt Harborside Hotel. If you are interested in achieving the new designation, register today. For more information, please call Deborah Burkholder, Deborah@riia-usa.org. In addition, RIIA has recently entered into an agreement with Boston University to develop a certificate-granting training program for the RMASM designation. Starting in the Fall of 2010, those candidates interested in earning the designation will be able to enroll in BU's Certificate in Retirement Management as a comprehensive and interactive web-based program designed to prepare candidates for the RMASM curriculum and testing. For more information, please contact Ruth Ann Murray, ramurray@bu.edu.

What are the required materials?

The required reading material is *The RIIA Advisory Process* by François Gadenne and Michael Zwecher and *Retirement Portfolios: Theory, Construction, and Management* by Michael Zwecher. Additionally to help students master the RIIA Body of Knowledge and RMASM education, the online RMASM Teaching Software Platform (TSP) has been developed specifically for those who will be studying for the RMASM designation.

How can I obtain these materials?

Upon your paid enrollment in the RMASM program, RIIA will send you a copy of *The RIIA Advisory Process* by François Gadenne and Michael Zwecher, and a link to the RMASM Teaching Software Platform (TSP). You will also need to obtain a copy of *Retirement Portfolios: Theory, Construction, and Management* by Michael Zwecher, published by Wiley Press. This book (as well as the optional accompanying workbook) is available on www.amazon.com and other retail outlets.

What are the fees and other requirements involved?

Candidates must have a Basic Individual Membership with RIIA to enroll in the program which is an annual membership fee of \$250. There is a \$175 RMA enrollment fee which includes the required text, *The RIIA Advisory Process*. There is also a \$250 examination fee payable at the time the RMASM candidate registers to take the RMA exam. Specifics on the continuing education are still to be worked out, but it may include educational sessions at RIIA's Annual Meeting and Awards Dinner (AMAD) and potential examinations to test mastery of the continuing education. In

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In addition, it is expected that those who pass the RMASM exam and receive the designation will upgrade to Full Individual Membership with RIIA at the cost of \$500 annually. Full Individual membership provides additional valuable benefits including a complementary pass to the RIIA AMAD and access to the continuing education sessions and exams that will be available at that meeting. For those who may not find it convenient to travel to the RIIA AMAD, we will explore alternative ways to provide the continuing education.

How is the designation going to be marketed to the public and to what type of audience?

The amount and form of public marketing is still to be determined. We believe that as more advisors and firms adopt the designation and these developments are covered in the press, public awareness will increase and it will become a significant credential and differentiator. RIIA may also develop specific programs to raise consumer awareness.

Does the issuing organization have an investor complaint process?

We do not have a formal complaint process established as yet but are working now to formalize the process. Consumers can always reach us at staff@riia-usa.org.

Does the issuing organization have a public disciplinary process?

RMASM candidates are required to self-certify compliance with RIIA's stands of conduct when they enroll in the RMASM program and annually thereafter. RIIA will closely monitor any complaints and take appropriate actions, which could include revoking the designation. It should be noted that the extent of our authority is limited to the use of the RMASM designation. The advisor is subject to SEC, FINRA, State Insurance and Securities regulators, as appropriate. Full procedures and processes are under development.

Can an investor check the status of financial advisors with this designation online?

Since the program is new, the public portion of the website dedicated to the RMASM program is under development. When completed, it will include a database of all active RMASM graduates, any former RMASM graduates whose designation has been revoked, dates the RMASM designation was awarded, continuing education completed through date, and if the RMASM designation was revoked, and the reason for revocation.

What kind of continuing education is required to maintain the designation?

Continuing education will be required to maintain the designation. Currently, RIIA plans on offering continuing education opportunities at its Annual Meeting and Awards Dinner held in October as well as through online venues such as the agreement with Boston University and its Certificate Granting Program.

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What are the differences between the Certified Income Specialist, Certified Wealth Specialist, the CFP, ChFC and other advanced designations and the RMA?

The RMASM designation is the only designation to focus specifically on providing retirement income planning and management starting with the broad context of understanding the client's needs, human capital, social capital, as well as financial capital. The RMASM curriculum is centered around structuring a plan built on the solid foundation of "first building a floor and then expose to upside potential." It's holistic, taking into account establishing a floor for secure retirement income, but also providing inflation protection and potential growth.

In contrast to an investment management professional, for example, a Retirement Management Professional through the RMASM designation demonstrates competence and services clients by:

- Understanding and helping plan their Human Capital
- Understanding and helping plan their Social Capital
- Understanding and helping plan their Financial Capital using lifecycle management and risk management techniques, not just asset allocation and other investment management techniques.
- Having a clearly stated guiding principle and goal of "First Build a Floor, Then Expose to Upside".

In addition, because of RIIA's unique view across the industry silos, the RMASM program addresses various ways of creating the floor (which of course considers pensions and social security) that may already form a smaller or larger portion of the needed floor, rather than just a single approach. One approach is the "engineering approach" based on a new book by Mike Zwecher, entitled Retirement Portfolios: Theory, Construction and Management. The other required reading is a book co-authored by Mike Zwecher and Francois Gadenne, The RIIA Advisory Process. These books and the RMASM curriculum bring together the best thinking from the RIIA members, academic and other advisors to break new ground in providing reliable retirement income solutions, that break from the conventional "accumulation" mentality applied to retirement income.

How long is the allowed time for the exam and how is it proctored?

The exam is expected to take between 3 and 4 hours. A full 4 hours will be allowed. Candidates do not have access to books, notes, or computers during the exam. Further, we intend for all RMASM examinations to be proctored whether in a closed setting offered by RIIA or through testing facilities such as Sylvan or Prometrics

What type(s) of questions is the exam? (Multiple choice, essay, etc.)

The majority of the exam is made up of multiple choice questions, but it may include one or more essay questions focused on a case study, giving the candidate the opportunity to show how the knowledge would be applied in an actual client setting.

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Is the exam geared at more of a conceptual level or a practical (i.e. actual calculations) level?	There will be questions addressing both concepts and the practical application of those concepts, with the focus being on the practical application.
Will the formulas contained in the <i>Retirement Portfolios: Theory, Construction, and Management</i> by Michael Zwecher and Retirement Portfolios Workbook be provided?	Candidates should have a full working knowledge of basic time value of money and their related formulas. Should there be questions on the exam that require the use of one of the more complex formulas in the text, that formula will be provided.
If calculations will be required, can a HP 12c or another "CFP" approved financial calculator be used?	An HP 12c or similar calculator that performs basic time value of money computations are allowed. Computers or other types of programmable calculators would not be helpful or allowed.
How much emphases on the suggested and optional reading material will there be?	The exam questions draw from concepts covered in the required reading only. However, it is expected that the various suggested and optional reading may be helpful to candidates in gaining a deeper understanding and applying those concepts. There are not questions that test knowledge that is contained only in the optional readings and not in the required readings.
Are there practice exams or sample questions available?	There is an interactive learning tool and retirement income planner that is made available to candidates at least 30 days before the exam. This tool serves to reinforce the concepts and help the candidate learn and practice the practical application of those concepts to client scenarios. This tool is also available to candidates should they want to use it in their practice once they've completed the exam.
If the exam contains essay questions, how will the grading criteria be established?	There is a panel of experts, including the authors of the two required readings, Francois Gadenne and Michael Zwecher, who review and grade the essay questions. They look for the candidate to demonstrate mastery of key concepts covered in those readings and the ability of the client to apply them to a practical scenario.
What is the time frame for determination of if a candidate passed the exam or not?	The exams are typically graded and results announced within 30 days of the examination.

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What is the general protocol of the exam (i.e. similar to CFP in restrictions)?	The exam is proctored with candidates taking the exam in writing. Future exams may be administered electronically, but these details are still to be worked out.
What happens if I don't pass the exam?	You will have an opportunity to re-take the exam during the next exam cycle.
Have any financial services organizations allowed the RMASM designation to be used on marketing materials and in client communications?	One of the nation's leading diversified financial services companies and the largest independent broker/dealers has approved the use of the RMA SM designation on advisors' business cards and other marketing material. We are waiting for word from other organizations that they offer similar approval for use in marketing and advertising.
Is RIIA accredited by the American National Standards Institute, the National Commission for Certifying Agencies or an organization that is on the US Department of Education's list entitled "Accrediting Agencies Recognized for Title IV Purposes"?	RIIA has researched accreditation including the ones listed. There are tens if not hundreds of accrediting bodies and in our evaluation few offer real credibility. Those that are well recognized require a critical mass of designations (e.g. 500) before you can apply for accreditation. Our approach is to move forward with the RMA SM program and reevaluate the decision to apply for accreditation as we gain critical mass.
Have any financial services organizations allowed the RMASM designation to be used on marketing materials and in client communications?	LPL Financial, one of the nation's leading diversified financial services companies and the largest independent broker/dealer, has approved the use of the RMA SM designation on advisors' business cards and other marketing material. We are waiting for word from other organizations that they offer similar approval for use in marketing and advertising.