Why CIMA® Certification is the New Standard for Investment Advice

Sean Walters, CAE
CEO/Executive Director
IMCA

Agenda

- Industry Issues and Trends—Restoring Trust in Financial Markets
  - What regulators are doing
  - What firms are doing
  - What certification bodies should do
  - What you should do

- IMCA Industry Leadership
  - CIMA certification
  - ANSI accreditation (ISO 17024)
  - CPWA Certification

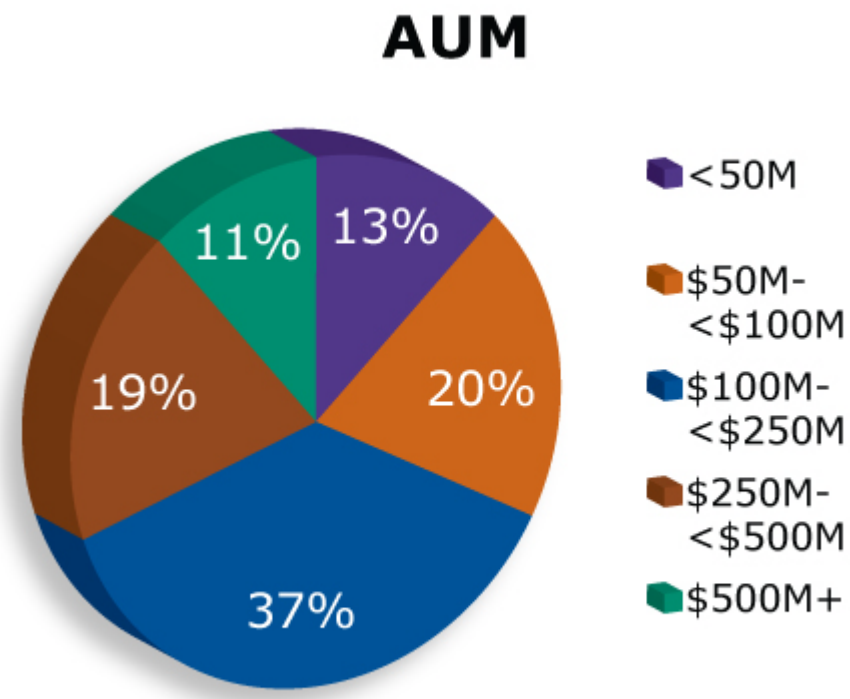
About IMCA

Mission: to deliver premier investment consulting and wealth management credentials and world-class education—membership, conferences, research, online education.

- Not-for-profit professional association founded in 1985.
- Membership organization for advanced investment and wealth management professionals with 8,200 members.
- Certifying agency for CIMA certification and CPWA certification.
- Five conferences hosting several thousand professionals each year offering 100% peer-reviewed content.

IMCA Member Profile

- $272 million: Average AUM
- 18 years: Average experience
- 88.5% of members fee-based or fee-only
- Average number of clients per team/practice: 258



Source: Cerulli Associates/IMCA Advisor Survey 2010

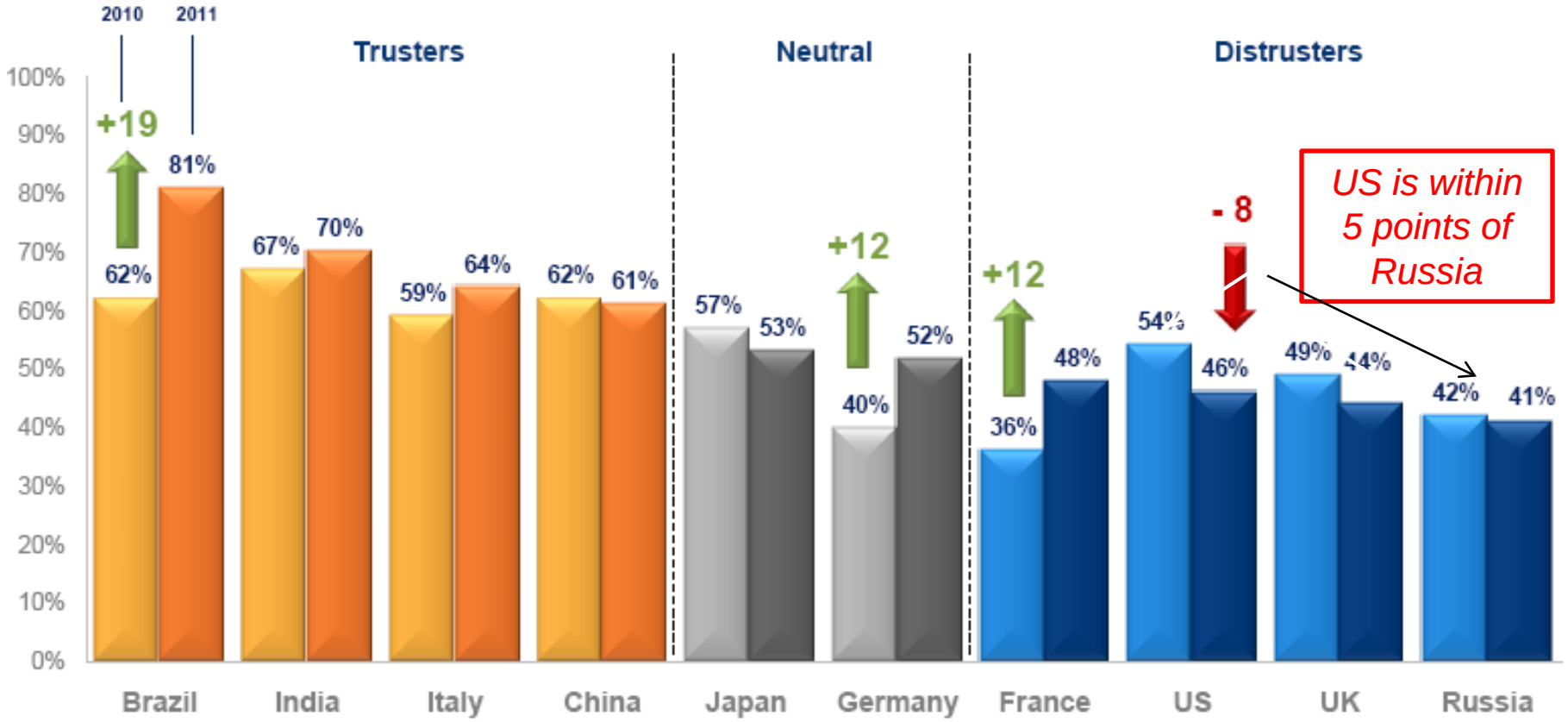
We All Have an Image Problem

- The Financial Services industry has lost its way
  - Declining trust
  - Appearance of greed
  - Self serving
  - Not client focused
  - Needs to be regulated more

And a Serious Trust Issue

From The Edelman Trust Barometer Survey - 2011

How much do you trust business to do what is right?



Industry Image

- Americans do not trust financial institutions
- 46% said their trust declined overall from 2008
  - Of those, 57% said it was due to financial services companies acting in a greedy manner
- Further, 60% are uncertain of the value that large financial services companies provide

http://www.edelman.com/news/ShowOne.asp?ID=265

The Looming Specter of Regulation

- Dodd Frank Act
- Fiduciary standard of care
- NASAA Crack down on “Senior Designations”
- SEC Form ADV, Part 2
- FINRA polices inappropriate use of designations

Firm Response

- Greater support for employee development, training, and credentials—decentralized decision-making
- Fewer options—only the most respected marks will be supported
- Greater focus on compliance
- Relaxing rhetoric around fiduciary
- Tens of millions spent on influencing legislation

Will certifying bodies rise to the challenge?

- Due to national and state budget deficits, SROs and certifying bodies increasingly called upon to sort qualified from non-qualified advisors.
- Financial advisors will follow in the footsteps of other “traditional” professions: competence, knowledge, trust, and ethics become required professional assets.
- Increasing questions about who’s “certifying the certifiers”

Why Clients Want Consultants

Broker	Consultant
Product-Centered	Client-Centered
Opacity and Complexity	Transparency and Simplicity
Transactional	Knowledge-Based
Focus on Client Acquisition	Focus on Client Service (Retention)
Holds required licenses	Voluntary certification
“Stays Current”	Lifelong Learning
Meets Compliance	Code of Ethics

Trends

- Narrowing of who offers advice
- Further migration from brokerage business to consulting business
- Professional development (and credentials) will become the differentiator
- Standardized voluntary certification

What Can You Do?

- **Invest in your personal brand**
  - Take a consultative approach to client work
  - Lifelong learning pays off
  - Educate clients on the value of certification
- **Seek professional development**
  - Specialized knowledge
  - Advanced designations and certifications
  - Regulatory, firm, and market driven
  - Code of Ethics

ROI on Certification

- Growing and retaining top clients
  - In 2009: IMCA certified professionals averaged six new clients per year and 98% client retention
- Attracting new clients
  - In 2009: Nearly two-thirds of IMCA members grew their practice meaningfully during the recession
- Developing added competency in practice
- Reinforcing client confidence
- Ensuring regulatory compliance
- Enhancing professionalism

Source: Cerulli Associates/IMCA Advisor Survey 2009

Five questions about certifications

1. Who issues the credential and why?
2. Are the “Four E’s” required to earn certification?
3. Are there continuing requirements?
4. Can the marks be stripped?
5. What is behind the credential?

The Way Forward – Standardized Voluntary Certification

CIMA®
CERTIFIED INVESTMENT MANAGEMENT ANALYST℠

ANSI
ANSI Accredited Program
PERSONNEL CERTIFICATION
#1005

The New Standard for Investment Advice

CIMA Certification is the first financial services credential in the U.S. to meet international standards

What is CIMA® Certification?

- Certified Investment Management Analyst℠
  - Portfolio Theory
  - Investment Policy Statements
  - Manager Search and Selection/Performance Measurement
  - Investment Recommendations
  - Ethical and legal issues
- Top-10 business school
- ANSI Accreditation (ISO 17024)

What does ANSI accreditation mean for you?

- ANSI exists to assure the safety and health of consumers. Accreditation creates confidence from consumers, industry and government.
- Grows and protects the integrity of the CIMA certification.
- Positions IMCA at the forefront credentialing bodies.
- Protects the CIMA marks from regulatory trends.
- Enhances the quality of our organization and certification processes.

Additional Resources

- www.IMCA.org
  - CIMA and CPWA certification
  - Essentials of Investment Consulting Certificate
  - IMCA Conferences
  - IMCA Membership
- www.CFP.net
- www.CFAinstitute.org

Sean Walters, CAE
CEO/Executive Director
swalters@imca.org
303.850.3089