

December 7, 2007

Ms. Melanie Lubin  
OAG, Securities Division  
200 Saint Paul Place  
Baltimore, Maryland 21202-2020

Mr. Rex Staples  
NASAA  
750 First Street, NE Suite 1140  
Washington, DC 20002

Dear Ms. Lubin and Mr. Staples:

Thank you for the opportunity to submit the following commentary and recommendations regarding the proposed adoption of a NASAA Model Rule on the Use of Senior-Specific Certifications and Professional Designations. InFRE supports NASAA's effort to protect seniors by creating a Model Rule that ensures senior-specific financial certifications and professional designations are meaningful and credible, while also creating a uniform regulatory environment related to their use.

### **Proposed Model Rule Commentary**

We agree that accreditation of designations with required professional standards is the best approach to ensure protection of the public interest. Therefore, we are glad to see that your proposed rule outlined several of the high "program accreditation" standards required by both the American National Standards Institute (ANSI) and the National Commission for Certifying Agencies (NCCA). These standards include but are not limited to

- Exam design that assesses the competency of the professional (versus knowledge only), using psychometrically acceptable and defensible testing instruments and procedures
- Adherence to a code of ethics
- A disciplinary process overseen by an independent Board of Standards
- Recertification requirements that require professionals to keep their knowledge current

Paragraph 5 of the Proposed Model Rule, however, would exempt some designations from these important standards when offered by accredited institutions of higher education. We believe that this exemption may be counter productive to the intent behind the regulation of senior-specific designations.

Although "institutional accreditation" is an appropriate and valid means of ensuring the public that institutions of higher education are meeting certain standards, "program accreditation" is a long and rigorous process specific to the certification. It may take up to two years to become accredited while completing a process that includes creating an up-to-date comprehensive practice analysis, linking the practice analysis to a psychometrically valid and reliable assessment instrument/exam and submitting a comprehensive application.

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Therefore, there can be a *substantial* difference between what may be a *non-academically based certificate* offered by **an accredited institution of higher learning**, and an *academically based certification* that meets rigorous independent third-party, “**program accreditation**” standards.

Of particular concern is the lack of continuing education requirements for certificate programs offered by institutions of higher learning. To ensure not only initial, but also ongoing competency, InFRE believes that designations used by advisors should, at the very least, require recertification and fulfillment of continuing education requirements. It is similar to a new driver preparing for their drivers test by completing a course, but then also being required to renew their license regularly to ensure their ability to drive is maintained over time. By exempting certificate programs offered by institutions of higher education, where the program itself may or may not be accredited, seniors will not be ensured of the ongoing professional competency and protection they expect and deserve.

We are also concerned that an exemption will allow less credible designations to find their way into university community outreach programs as a means of becoming exempt to circumvent the more rigorous “program accreditation” requirements. Since there is not one program standard for certificate programs, the process for becoming a designation offered through an accredited institution of higher learning can vary substantially from one institution to another. In other words, where the rule is intended to close the front door on non-accredited designations, an exception for certificate programs may ultimately open a back door for new less credible designations.

The Proposed Model Rule also does not contain a provision for an appropriate grace period to meet the more rigorous accreditation requirements of ANSI and NCCA. We feel that a rule without grace period provisions would be unfair treatment for credible certification organizations and their certificants who choose the more rigorous independent third-party “**program accreditation**” path.

## **Recommendations**

Based on the commentary above, we respectfully submit the following recommendations regarding NASAA’s Proposed Model Rule on the Use of Senior-Specific Certifications and Professional Designations.

- If the final proposed rule contains an “institutional accreditation” exemption for degree or certificate programs, paragraph 5 should be amended as follows:
  - To require strict adherence to “program accreditation” standards including but not limited to those listed above.
  - To also exempt designations created by non-profit organizations in partnership with institutions of higher education that offer undergraduate and/or higher degree programs in finance, personal financial planning, retirement counseling or a related field when such designations are offered to students as a means of meeting their academic requirements.
- Language should be added that allows for a grace period with specific benchmark performance standards as certification organizations fulfill the required accreditation standards. (Both ANSI and NCCA should be consulted to determine reasonable timeframes and benchmark performance requirements.)

## **About InFRE**

The International Foundation for Retirement Education (InFRE) is a 501(c)(3) non-profit education foundation devoted to enhancing the retirement preparedness of the American worker. Since 1997, we have accomplished our mission by operating as a totally independent and objective educational resource for both public and private sector retirement industry professionals in order to better help them serve the planning needs of their members and clients.

The initial support for InFRE and many of the founding members on our Board of Governors came from two notable retirement industry associations whose exclusive purpose is to protect the retirement interest of millions of public employees represented by their member organizations. They are:

### **National Association of Government Defined Contribution Administrators (NAGDCA)**

NAGDCA was founded in 1980 to unite representatives from state and local governments along with private sector organizations that service and support defined contribution plans. The governments (and government administrators) who participate in NAGDCA represent 47 states, 1 territory, and over 134 cities, counties and other special-purpose entities and districts.

### **National Pension Education Association (NPEA)**

Also founded in 1980, the National Pension Education Association (NPEA) provides a forum to educate public retirement system professionals and encourage the ongoing exchange of information, ideas, goals and objectives of retirement planning and member communication. Membership in NPEA consists of administrators, staff, and trustees of organizations who represent retirement plan members of national, state, or local government retirement systems.

Together, these two reputable organizations proactively recognized the need to provide ongoing training, ethical standards and certification programs for counselors employed by their member organizations and retirement advisors of third-party organizations who provide services to those members.

Today, organizations with retirement counselors employed by NAGDCA and NPEA members who also are InFRE certificants or enrollees include, but are not limited to:

- California Public Employers Retirement System (CalPERS)
- California State Teachers Retirement System (CalSTRS)
- Colorado Public Employers Retirement System
- Employees Retirement System of Texas
- Maryland Supplemental Retirement Plans
- Nevada Public Employer Retirement System
- Public School Retirement System of Missouri
- South Dakota Retirement System
- State Teachers Retirement System of Ohio
- State University System of Illinois
- Teachers Retirement System of Texas
- Utah Retirement Systems

InFRE also has strong support from many private sector financial services companies who provide retirement planning products and services to individuals planning for retirement during early, mid and late stages of their careers.

InFRE's academic partner is Texas Tech University (TTU). TTU was one of the first twenty registered Certified Financial Planner® (CFP®) educational programs and is recognized nationally for their outstanding undergraduate, graduate and Ph.D. personal financial planning programs. Since our inception, InFRE has worked closely with TTU and other industry professionals to:

- Create a credible retirement counseling curriculum
- Conduct numerous research projects (including most recently working with the Federal Office of Personnel Management to develop a retirement readiness profile and retirement knowledge assessment for use by the federal government workforce)
- Implement scholarship programs which allow university students to attend retirement industry conferences.

InFRE's Certified Retirement Counselor® (CRC®) and Certified Retirement Administrator® (CRA<sup>sm</sup>) certifications provide an opportunity for retirement counselors and administrators to obtain a credential that demonstrates retirement-specific competency, integrity and objectivity. Prior to attaining certification, applicants must meet eligibility requirements, successfully complete a rigorous examination process, and understand and agree to adhere to the InFRE Code of Ethics. All certificants must also fulfill fifteen hours of continuing education requirements each year to maintain their InFRE certification.

Although not currently accredited by a third-party independent certification organization, our governance and policies have us well-positioned to apply for and obtain accreditation of the CRC® certification after fulfilling the remaining required standards. Just this week, ten highly-respected retirement professionals with collectively more than 225 years of retirement-specific experience met in Chicago to begin the process of updating our retirement counselor practice analysis. Organizations represented on our practice analysis task force included Texas Tech University, the International Foundation for Employee Benefit Plans, FedEx Corporation, Pacific Life, and The City of Houston Deferred Compensation Committee.

Thank you for the opportunity to comment on this important issue. Based on our non-profit mission, retirement counseling education and certification experience and retirement industry affiliations, we hope that NASAA will view InFRE as a valuable resource not only regarding this model rule, but also other issues related to protecting the public's retirement planning interests.

Sincerely,



Kevin S. Seibert CFP®, CRC®, CEBS  
Managing Director, InFRE