

# INVESTMENTS & WEALTH RESEARCH

## DEFINING WEALTH MANAGEMENT

Knowledge and Service Capabilities Required  
for Today's Financial Advisory Practitioners  
and Wealth Management Teams

*By Sean R. Walters, CAE®*



INVESTMENTS & WEALTH INSTITUTE®

# DEFINING WEALTH MANAGEMENT

## KNOWLEDGE AND SERVICE CAPABILITIES REQUIRED FOR TODAY'S FINANCIAL ADVISORY PRACTITIONERS AND WEALTH MANAGEMENT TEAMS

By Sean R. Walters, CAE®

As the premier professional association for financial advisors and financial planners, Investments & Wealth Institute has commissioned a half-dozen studies during the past 10 years in partnership with third-party psychometric partners to assess trends in the delivery of wealth management services. In particular, the surveys have focused on the knowledge and skills necessary for wealth management firms to succeed in today's environment.

For more than 35 years, the not-for-profit Investments & Wealth Institute has administered the foremost professional standards for financial advisors from all business models. By applying an internationally accredited best-practices approach to personnel certification, the Institute's certifications represent peak professional standards for financial advisors and wealth management practitioners.

During the past 12 years Investments & Wealth Institute, along with partners that specialize in psychometrics—the science of measuring mental capacities and processes—has assessed the various jobs held by professional financial advisors through a series of job analysis studies. These studies define financial-advisor job responsibilities including the knowledge, skills, and abilities required to perform the jobs within wealth management practices, teams, and firms competently and ethically. This report

### DEFINING A PROFESSION

According to research published in the *Journal of the American Academy of Arts and Sciences*, a profession has the following characteristics:

- Ethics:** The profession places the welfare of society and the interests of its clients at the forefront of all considerations.
- Education:** A specialized body of knowledge and a specialized code of conduct that sets out professional skills, practices, and performances unique to the profession. In addition, education develops the capacity to render judgments with integrity under conditions of ethical uncertainty.
- Examination:** A mechanism to assess competency, such as an examination.
- Experience:** An organized approach to learning from experience, both individually and collectively.
- Continuing competence:** A method to stay up-to-date.
- Community/Membership:** A professional community that monitors and oversees the behavior and competencies of its members.

Adapted from H. Gardner and L. S. Shulman, "The Profession in America Today: Crucial but Fragile," *Daedalus* 134, no. 3 (summer 2005): 13-18, <https://www.jstor.org/stable/20027993>.

summarizes those jobs and the relative knowledge and skills required.

This report serves as the only known psychometrically defensible study of the jobs required to perform wealth management services competently and ethically. As such, it purports to define wealth management and serve as a blueprint for sole-proprietor practitioners, teams, firms, and enterprises that aim to deliver competent, ethical wealth management services to the public.

All knowledge professionals are tied inextricably to their fields' evolving bodies of knowledge. The evolution of professional bodies of knowledge occurs in many ways. The most common, and arguably the most effective, occurs when an intellectual discipline (such as finance) evolves through new technologies, processes, and applications (see figure 1). Practitioners in the field experiment and compete—often with each other—and new best practices emerge and are shared

through conferences, publications, communities, and professional associations such as Investments & Wealth Institute.

At regular intervals during this process, certification bodies play an essential role: to codify a body of knowledge and qualify practitioners through a certification process. This codification of the knowledge and skills required for contemporary professionals is best done through an extensive and thorough job analysis.

### JOB ANALYSIS STUDIES

A job analysis (also called a practice analysis) is the process of studying a professional role to determine which activities and responsibilities the job should entail, its relative importance to other jobs, the qualifications necessary for performance of the job, and the conditions under which the work is performed.

Investments & Wealth Institute, its board of directors, and its certification commissions regularly monitor industry-wide risks and opportunities related to the delivery of wealth management services. The Institute partners with a variety of reputable third-party research firms to conduct ongoing surveys within the financial services industry and with the investors they serve to better understand industry trends and broaden public understanding of investment consulting and wealth management.

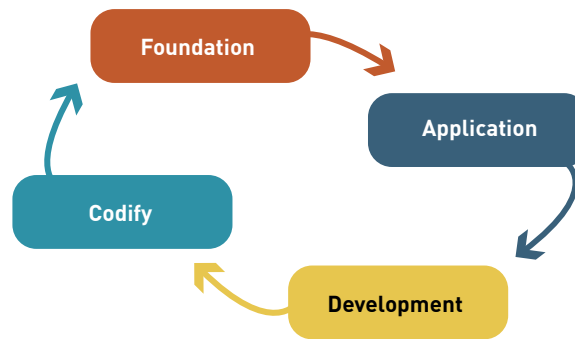
### JOB ANALYSIS PROCESS AND METHODOLOGY

The research findings contained in this report complement a series of studies conducted by the Institute throughout the past three years:

**Investment Advisor Job Analysis Study (Investments & Wealth Institute 2018).** This study was conducted by Human Resources Research Organization™

Figure 1

### DEFINING A PROFESSIONAL PRACTICE



Source: © Investments & Wealth Institute

(HumRRO) in partnership with Investments & Wealth Institute. More than 2,000 financial advisors, investment consultants, analysts, and financial planners responded to the survey. The study identified the challenges, opportunities, knowledge, skills, and abilities required for competent and ethical delivery of investment management analysis, advice and/or consulting.

**Private Wealth Advisor Job Analysis Study (Investments & Wealth Institute 2020).** This study was conducted by HumRRO in partnership with Investments & Wealth Institute. More than 300 financial advisors and analysts, private bankers, and financial planners responded. The study identified the challenges, opportunities, knowledge, skills, and abilities required for competent and ethical delivery of private wealth management advice.

**Retirement Management Advisor Job Analysis Study (2022).** This study was conducted by Professional Testing Services in partnership with the Investments & Wealth Institute. More than 300 financial advisors and financial planners responded to the survey. The study identified the

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*As a result of these three job analyses, Investments & Wealth Institute has effectively defined the knowledge and professional capabilities required of wealth management professionals, teams, and firms.*

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challenges, opportunities, knowledge, skills, and abilities required for competent and ethical delivery of retirement management advice.

As a result of these three job analyses, Investments & Wealth Institute has effectively defined the knowledge and professional capabilities required of wealth management professionals, teams, and firms.

The job analysis process typically includes three phases: (1) prepare content for the survey, (2) develop and administer the survey, and (3) analyze

and finalize certification requirements based on results. Each phase is facilitated by a psychometric partner to ensure validity and defensibility in setting standards. Volunteer subject-matter experts from the population being certified are identified for each job-analysis survey to ensure reliability and relevance. Finally, all volunteers are devoid of business or other relationships with the Institute or its education partners to ensure objectivity.

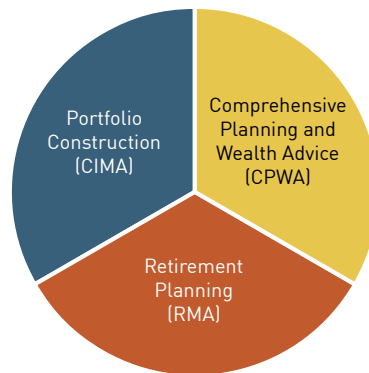
### DEFINING WEALTH MANAGEMENT

Wealth management is a descriptive term that defines delivery of a broad set of financial advisory services to individual clients and families. These services typically are delivered through a holistic, multidisciplinary, team-based approach. These wealth management teams offer advisory services delivered by competent, ethical professionals.

The regulatory framework for financial advice is focused on product competencies. As a result, the advisory profession is an opaque gallery of professionals who are licensed to sell products (brokerage) or deliver advice (investment advisory). This product-oriented approach is necessary for licensure, but it misses the forest for the trees in the real world of wealth management firms and teams, which are populated by thousands of generalist and specialist advisors serving millions of clients, each with unique issues, challenges, and opportunities.

Voluntary certifications enable advisors to obtain and demonstrate the knowledge and skills necessary to perform different jobs within a wealth management firm. They also allow advisors to differentiate or even classify their

Figure 2  
**WEALTH MANAGEMENT TEAMS: MULTI-COMPETENCY**



*Voluntary certifications enable advisors to obtain and demonstrate the knowledge and skills necessary to perform different jobs within a wealth management firm.*

unique expertise. For example, CERTIFIED FINANCIAL PLANNER™ (CFP®) certification is focused on qualifying financial planners in the financial planning process, loosely defined as the process of developing, delivering, and monitoring a financial plan. The process-oriented, financial planning core capability is necessary in nearly all client engagements. However, process competencies often fall short of providing comprehensive, team-based services that address the complex needs of various client types.

Given the findings from three distinct job analyses, wealth management professionals today must exhibit

capabilities surrounding three distinct roles, jobs, or disciplines that comprise a wealth management team, practice, firm, or enterprise (see figure 2).

#### **Portfolio construction for all clients.**

The Certified Investment Management Analyst® (CIMA®) certification is the foundation for almost all wealth management—institutional client, private client, or wealth level. Wealth management professionals must integrate a complex body of investment knowledge, ethically contributing to holistic, prudent investment decisions by providing objective advice and guidance to individual and institutional investors.

#### **Comprehensive planning and wealth advice.**

The Certified Private Wealth Advisor® (CPWA®) certification demonstrates mastery of sophisticated competencies that are required to successfully compete to serve the needs of mass-affluent, high-net-worth, and ultra-high-net-worth clients. Wealth management professionals must apply financial planning foundational competencies within a technical, multidisciplinary process.

#### **Retirement planning.**

The Retirement Management Advisor® (RMA®) certification demonstrates proficiency in retirement planning and managing the decumulation life stage, which is the biggest issue for today's mass-affluent clients. Wealth management professionals must build custom retirement plans to mitigate clients' risks and to master the retirement planning advisory process and lead individual clients through a process-based, holistic approach that helps clients plan for retirement and the process of decumulation.

**WEALTH MANAGEMENT  
TEAM CORE COMPETENCY #1:  
INVESTMENT MANAGEMENT**

Investment management, investment consulting, and investment advisory services are, for four years running, the most important service offering delivered by financial advisors, in the eyes of their clients.<sup>1</sup>

A CIMA professional is a wealth management professional with at least three years' experience who can integrate a complex body of investment knowledge, ethically contributing to prudent investment decisions by providing objective advice and guidance to individual and institutional investors.

Based on the 2018 Investment Advisor Job Analysis Study, today's

investment advisory professional is required to perform 49 skills, tasks, and capabilities and to exhibit knowledge of 92 topics organized within 22 sections and five knowledge domains (see figure 3).

**CIMA CERTIFICATION  
REQUIREMENTS, AS OF  
FEBRUARY 2022**

**Experience:** Candidates must have a minimum of three years' applicable experience in financial services at the time of certification.

**Education:** Students must complete an executive education program at one of several registered education providers. These providers will be required to address relevant, country-specific tax and regulation

topics as part of their registered executive education programs.

**Examination:** The CIMA certification examination will be administered as a five-hour, 140-question multiple-choice examination at an established testing center or via an approved online proctored exam provider.

**Ethics:** Candidates and certificants must agree to abide by the Institute's *Code of Professional Responsibility*.

**Continuing competency:** Certificants must complete 40 hours of continuing education every two years, including two hours in ethics and at least one hour in the field of tax or regulation.

Figure 3

**CIMA CERTIFICATION CORE TOPICS**

Fundamentals (15% of exam)	Investments (20% of exam)	Portfolio Theory & Behavioral Finance (20% of exam)	Risk & Return (20% of exam)	Portfolio Construction & Consulting Process (25% of exam)
Statistics & Methods	Vehicles	Portfolio Theories & Models	Attributes of Risk	Ethics
Applied Finance & Economics	Equity	Behavioral Finance Theory	Risk Measurements	Client Discovery
Global Capital Markets	Fixed Income	Investment Philosophies & Styles	Performance Measurement & Attribution	Investment Policy
	Alternative Investments	Tools & Strategies		Portfolio Construction
	Options & Futures			Manager Search & Selection
	Real Assets			Portfolio Review & Revisions

Source: Investments & Wealth Institute & HUMRRO CIMA Job Analysis (2018)

CIMA CERTIFICATION EDUCATION PROVIDERS, AS OF FEBRUARY 2022:

**WEALTH MANAGEMENT  
TEAM COMPETENCY #2:  
COMPREHENSIVE PLANNING  
AND WEALTH ADVICE**

According to a 2020 Cerulli Associates study, the average client investable assets of an Institute-certified advisor is \$2.8 million.<sup>2</sup> The same study indicated that the average investable assets of a CFP-certified advisor is \$1.1 million.<sup>3</sup> Although financial planning services may be offered to clients with a wider range of assets and wealth, the majority of advisory clients have amassed significant investable assets and financial wealth. As wealth is amassed, a different set of knowledge and skills is required to help with the more sophisticated needs of HNW and UHNW clients.

A CPWA professional is a wealth management professional with at least five years' experience who holistically can assess and responsibly implement a multidisciplinary financial plan that takes into account the particular concerns of clients with a minimum net worth of \$5 million. Based on the job analysis, today's CPWA professional is required to perform 61 skills, tasks, and capabilities, and to exhibit proficiency in 117 topics organized within 11 sections and four knowledge domains (see figure 4).

**CPWA CERTIFICATION  
REQUIREMENTS**

**Experience:** Candidates must have a minimum of five years' applicable experience in financial services at the time of certification.

**Education:** Students must complete an executive education program at one of several registered education providers.

**Examination:** The CPWA certification examination will be administered as a four-hour, 135-question multiple-choice examination at an established testing center or via an approved online proctored exam provider.

**Ethics:** Candidates and certificants must agree to abide by the Institute's *Code of Professional Responsibility*.

**Continuing competency:** Certificants must complete 40 hours of continuing education every two years, including two hours in ethics and at least one hour in the field of tax or regulation.

Figure  
4

**CPWA CERTIFICATION CORE TOPICS**

Human Dynamics (13% of exam)	Wealth Management Technical Design (34% of exam)	Legacy Planning (23% of exam)	Planning For High-Net-Worth Clients (30% of exam)
Ethics	Tax Planning	Charitable Giving & Endowments	Planning For Executives
Behavioral Finance	Portfolio Management	Estate Issues & Wealth Transfer	Planning For Closely Held Business Owners
Family Dynamics	Risk Management & Asset Protection		Retirement Management

Source: Investments & Wealth Institute & HUMRRO CPWA Job Analysis (2020)

CPWA CERTIFICATION  
EDUCATION PROVIDERS,  
AS OF FEBRUARY 2022:



### WEALTH MANAGEMENT TEAM COMPETENCY #3: RETIREMENT MANAGEMENT ADVICE

Many are aware of the statistic that shows nearly 10,000 baby boomers are retiring each day. More than 85 percent of wealth management teams deliver retirement-income planning to clients, second only to asset allocation services. Three out of four advisory clients agree it is “very important for their advisor to help them maximize their income for retirement.”<sup>4</sup>

An RMA professional is a retirement planning professional with at least three years’ experience who leads individual clients through a process-based, holistic approach to help clients plan for retirement and the process of decumulation. Based on the job analysis, today’s RMA professional is required to exhibit knowledge in 65 topics organized within 11 sections and three knowledge domains (see figure 5).<sup>5</sup>

### RMA CERTIFICATION REQUIREMENTS

**Experience:** Candidates must have a minimum of three years’ applicable experience in financial services at the time of certification.

**Education:** Students must complete an executive education program with a registered education provider.

**Examination:** The RMA certification examination will be administered as a three-hour, 100-question multiple-choice examination with an approved online proctored exam provider or in person in a facilitated, proctored testing environment.

**Ethics:** Candidates and certificants must agree to abide by the Institute’s *Code of Professional Responsibility*.

**Continuing competency:** Certificants must complete 40 hours of continuing education every two years, including two hours in ethics and at least one hour in the field of tax or regulation.

Succeeding as an advisor today means demonstrating value that clients receive for their money and for having an advisory relationship. The Investments & Wealth Institute’s professional designations and educational programs help advisors deliver that value every day. ●

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### ENDNOTES

1. Based on investor research conducted during 2018 to 2021 by Absolute Engagement in collaboration with Investments & Wealth Institute.
2. Investments & Wealth Institute and Cerulli Associates (2020).
3. See endnote 2.
4. See endnote 1.
5. Retirement Management Advisor Job Analysis Study, 2022.

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Investments & Wealth Institute is a professional association, advanced education provider, and standards body for financial advisors, investment consultants, and wealth managers who embrace excellence and ethics. Through our events, continuing education courses, and acclaimed certifications—Certified Investment Management Analyst® (CIMA®), Certified Private Wealth Advisor® (CPWA®), and Retirement Management Advisor® (RMA®)—we deliver rigorous, highly practical education to more than 30,000 advisory professionals in 40 countries. Learn more at [www.investmentsandwealth.org](http://www.investmentsandwealth.org). © 2022 Investments & Wealth Institute

Figure 5

### RMA CERTIFICATION CORE TOPICS

The Retirement Opportunity (18% of exam)	The Retirement Client   (41% of exam)	Retirement Planning Technical Design (41% of exam)
The Retirement Landscape	Client Discovery & Analysis	Retirement Portfolio Allocation
Retirement Mindset & Behavior	Assessing Retirement Readiness	Key Retirement Planning Decisions
The Ethical Advisor	Retirement Risk Management	Implementing Strategies
		Life In Transition
		Retirement Policy Statement

Source: Investments & Wealth Institute and Professional Testing Services, RMA Job Task Analysis (2022)

RMA CERTIFICATION  
EDUCATION PROVIDERS,  
AS OF FEBRUARY 2022:





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