RIIA’s Retirement ‘Bootcamp’

By Editor Test *Wed, Aug 22, 2012*

I drove up to Salem, Mass., last week to see what the classes for the Retirement Income Industry Association's RMA designation were all about.

Wearing shorts, a cotton polo shirt, New Balance sneakers and a 24-hour stubble, Mike Hardin was carefully jotting down notes in a classroom at the Bertelon School of Business at Salem State University in Massachusetts last week.

Hardin is no schoolboy—he’s a tall, 40-something broker and advisor at First Tennessee Brokerage in Johnson City, Tenn. But he had traveled all the way from there to Salem, Mass., to study for and take an exam that he hoped would give him an edge over his fellow advisors in their competition for Baby Boomer clients.

“If you don’t know this,” Hardin told me, “you’ll be left behind.”

By “this,” Hardin was referring in general to the ability to build efficient, reliable retirement income portfolios and in particular to the curriculum of the Retirement Income Industry Association’s RMA (Retirement Management Analyst) designation, a credential whose exam Hardin hoped to pass in a few days.

In June, *RIJ* wrote about retirement income credentials, including RIIA’s RMA, the American College’s Retirement Income Certified Professional (RICP) designation and InFRE’s Certified Retirement Counselor designation, among others.

These sponsoring organizations provide concentrated instruction—videos, textbooks, live lectures, continuing ed—in how to evolve from an accumulation-minded to a decumulation-minded advisor. They bestow suitable-for-framing diplomas that may or may not carry weight with advice-hungry Boomers. And they are more or less rivals in a quiet but urgent hunt for enrollees, corporate grants, endorsements and prestige—as this week’s endorsement of the RICP by the Insured Retirement Institute implied.

To get a closer look at one of these courses, I drove up to Boston last week to spend a few days at the RIIA’s RMA “bootcamp.” As an inductee, I slept in a dorm room at Salem State. For several days I woke up to bagels, coffee and a presentation by one of the academic retirement gurus who are informally or formally affiliated with RIIA.

Wade Pfau, the Tokyo-based Princeton Ph.D. and blogger who is the RMA curriculum director, was there, along with Larry Kotlikoff, the Boston University author, economist, creator of the ESPlanner income planning software, and Zvi Bodie, the Boston University author, economist and pension finance expert. In addition, there was Dana Anspach, a Phoenix-based advisor who writes the About.com column, “Money Over 55”, and Alain Valles, a Wharton-trained reverse-mortgage broker from Boston. RIIA’s founder and chairman, Francois Gadenne, and RIIA’s chief operating officer, former Fidelity and Merrill Lynch executive Steve Mitchell, also taught segments.

Seated in the classroom and absorbing each session's smart-board presentations were, at various times, Danny Francisco, retirement income consultant at John Hancock Financial Network—who also presented on John Hancock's success using Moshe Milevsky's "Retirement Sustainability Quotient" calculator as a sales tool—Susan Yates, owner of a continuing ed company who came down from Toronto, and Grant Rondeau of Symetra, who came in from the Seattle area.

In addition, there was a Salem-area advisor, Kathy Mealey, a local lawyer named Andy Stone who wanted to learn how to fund his own impending retirement, as well as Bob Powell, editor of RIIA's Retirement Management Journal, Mike Hardin, and myself. It was a small group; just two or three were actually studying for the course. The RMA designation is only about two years old, has had only a couple of prior bootcamps at Texas Tech University and Boston University, and is still finding its feet. So far there are about 60 RMA designees.

There's not enough room in this column to summarize the content of all of the presentations, but there are three things about RIIA you should know: Its decumulation philosophy is "build a floor and then seek upside;" it values process and open architecture solutions over product solutions; and it not only tolerates but fosters a diversity of economic and political opinions that it calls "the view across the silos."

Certainly, the bootcamp presenters were coming from very different places. Larry Kotlikoff insisted on the exclusive legitimacy of "consumption-smoothing" over one's entire lifetime. Wade Pfau proved mathematically the long-held heuristic that you should buy a life annuity big enough to cover basic expenses and invest the rest of your money in stocks and bonds. Offering the brokerage perspective, Danny Francisco talked about how to make annuity product sales a slam-dunk. Offering the planner perspective, Dana Anspach, in the course of describing her own odyssey from aerobics trainer to high-visibility advisor, talked about creating holistic strategies and long-term relationships. Brokers and planners appear to be equally welcome under RIIA's big tent.

Exposing investment myths and challenging conventional wisdom are standard activities at RIIA events, and at the bootcamp it was even more so. In his booming voice, for instance, Zvi Bodie assailed the idea that long holding periods neutralize the volatility of stocks. Like a lot of people, I had been told that if you held stocks for more than 10 years, you'll probably end up with an average annualized return of 5% to 10%. But the idea that past averages give any hint at all about the potential range of returns in the future, Bodie argued, is pure nonsense.

"That is a fallacy. It has no validity, and it's bordering on fraud," Bodie, who was wearing a Hawaiian-style shirt, insisted. "If I were the SEC I would outlaw this. Time diversification is a fallacy."

The bootcamp wasn't an all-work-no-play affair. From Salem State University, where the RIIA bootcamp was held, it is only a short drive to Marblehead, Mass., a picturesque thumb of land that sticks out into the Atlantic Ocean. Many of Boston's business tycoons, including Peter Lynch, the former Fidelity fund manager who was to investing what Red Sox great Ted Williams was to hitting a baseball, own palatial oceanfront or harborfront homes there.

Most days after the RMA presentations were done, the bootcamp attendees piled into cars and convoyed out to a cove on the west side of Marblehead for wine or gin-and-tonics on the veranda of the Corinthian Yacht Club, with its relaxed and privileged view of hundreds of tiny pleasure boats at anchor. From that perspective, financial success certainly looked worth studying for.