

ASPPA certification program profiled

From an interview with Carlos Panksep, General Manager, CEFEX

The American Society of Pension Professionals & Actuaries (ASPPA) has, in conjunction with the Centre for Fiduciary Excellence (CEFEX), developed a certification program for recordkeeping, TPAs, and third party plan administration firms. The certification program is designed to assist plan sponsors and the public at large in evaluating the qualifications of their plan service providers. Firms completing the certification program follow uniform standards for the services they provide. This month we have asked Carlos Panksep, General Manager of CEFEX, to highlight the benefits of the certification program. Mr. Panksep can be reached at 416-401-8702 or cpanksep@CEFEX.org.

Q Can you give us an overview of the ASPPA Recordkeeper Certification Program?

A Yes. The program is designed to help plan sponsors obtain an independent assessment of the qualification of three types of plan service organizations: full-service recordkeeping, including investments and administration services, full-service recordkeeping, and third party administration services. It is an evolving program, and we are discussing with the ASPPA team whether we should make changes to the program's nomenclature to better differentiate the certification between TPAs and full-service recordkeepers.

Let me give you a high level overview of the program and some of its history. The certification program was introduced in the fourth quarter of 2007, and there are currently 21 firms that have achieved registration and many more in various stages of completing or preparing for the assessment. The program is based on the structure, qualification, and operational standards that are part of the International Organization for Standardization (ISO) system for Quality Management certification. ISO 9000 is an example of a quality management system standard which is very mature and established. Some of the founding firms of CEFEX were the largest registration bodies involved in certifying firms to this standard. Everything that is in place today for the ASPPA recordkeeper certification program is based in some way on the larger ISO program.

There are about one million registrations all over the world for ISO 9000 programs, often referred to as "quality management system certification" programs. Our program with ASPPA is basically comprised of a set of international standards for conducting assessments and certifying organizations. Most importantly, the whole program is voluntary, and the assessments are paid for by the firms being

certified. I should note that in many industries using ISO 9000 certification, clients have mandated that their suppliers or vendors become certified. We think that this may occur in the qualified plan industry, where plan sponsors one day decide to mandate that their recordkeepers and fiduciaries be certified.

Q How did this program get started?

A Let me give you some of the origins of the CEFEX/ASPPA program. Right now, the recordkeeper certification is brought to you by two organizations: ASPPA and CEFEX. CEFEX was originally established in 2006 by international standard setting bodies. One organization in the states, Fi360 in Pittsburgh, Pennsylvania, that has experts in fiduciary matters, really started the ball rolling. Fi360 was, and still is, in the business of training people to use better fiduciary practices. Fi360 set up a foundation which established a standard of fiduciary excellence and that led to the development of a certification program for fiduciary organizations. Introducing a certification system for firms operating in the recordkeeper or plan administration arena was, frankly, just a logical step in an industry looking for ways to increase trust among its constituents. That's exactly what the ASPPA certification program is designed to do.

So Fi360 started with training programs resulting in designations for people in the industry called "Accredited Investment Fiduciaries" and "Accredited Investment Fiduciary Analysts." CEFEX took this a step further by complementing the individual designation with a program requiring the organization to provide proof of adherence to the standard. The initial certifications were for firms with fiduciary responsibilities. However, as ASPPA became aware of us, and recognizing the importance of fiduciary sensitivities within the industry, they approached us. They said, "Look, it would be very wise to implement a system like what you have for fiduciaries, for the nonfiduciary firms like recordkeepers that play key support roles." Those discussions led us to form a task force in 2007 with a number of recordkeepers, including ASPPA and other players in the industry. That task force formulated a standard of practice from which a certification program could be built. That task force is still in place today. It's chaired by ASPPA, and ASPPA basically manages the standard of practice for recordkeepers. The standard is available on the CEFEX and ASPPA Web sites.

