

# INVESTMENTS & WEALTH RESEARCH

ISSUE 4  
2024

## Defining Wealth Management

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

*By Sean 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®

For nearly 40 years, Investments & Wealth Institute has administered voluntary standards for financial advisors from all business models. Our personnel certifications represent professional standards for financial advisors and wealth management practitioners. But how should any standard-setter decide which knowledge, skills, and capabilities are most essential for the primary roles and jobs within a field?

The job analysis process is the most accepted approach to assess what is required to perform a job or task. This report serves as a legally defensible study of the jobs required to perform wealth management services competently and ethically. As such, it defines wealth management and serves as a blueprint for sole-proprietor practitioners, teams, firms, and enterprises that aim to deliver competent, ethical wealth management services to the public.

### 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.

### 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 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>.

### 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:

**Private Wealth Advisor Job Analysis Study (2024).** This study was conducted in 2024 by Human Resources Research Organization™ (HumRRO) in partnership with Investments & Wealth Institute. Almost 350 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.

### Investment Advisor/Investment Consultant Job Analysis Study (2023).

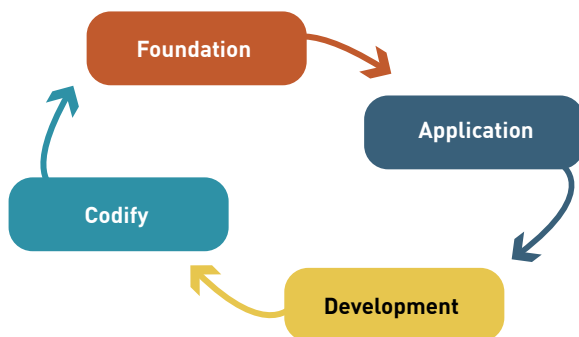
This study was conducted in 2023 by HumRRO in partnership with Investments & Wealth Institute, with results to be implemented in 2024. Nearly 300 financial advisors, investment consultants, analysts, and financial planners responded to the survey. The study identified the knowledge, skills, and abilities required for competent and ethical delivery of investment management analysis, advice, and/or consulting.

### Retirement Management Advisor Job Analysis Study (2022).

This study was conducted in 2022 by Professional Testing Services in partnership with

Figure 1

## DEFINING A PROFESSIONAL PRACTICE



Source: © Investments & Wealth Institute (2018)

Investments & Wealth Institute, with results implemented in 2023. More than 300 financial advisors and financial planners responded to the survey. The study identified the 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 effectively has 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.

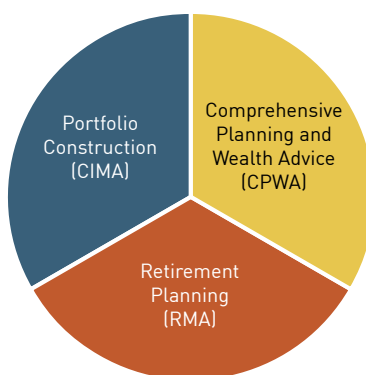
Knowledge professionals need to adapt to changes in their environment. The evolution of professional bodies of knowledge occurs in many ways.

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.

Figure 2

## WEALTH MANAGEMENT TEAMS: MULTI-COMPETENCY



## DEFINING WEALTH MANAGEMENT

Wealth management is a descriptive term that defines the 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. This is because in the real world, wealth management firms and teams, populated by thousands of generalist and specialist advisors, serve 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 expertise. For example, the 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.

Given the findings from three distinct job analyses, wealth management professionals today must exhibit additional capabilities surrounding the following three distinct roles, jobs, or disciplines that comprise a wealth management team, practice, firm, or enterprise (see figure 2).

**Portfolio construction.** The Certified Investment Management Analyst® (CIMA®) certification is the foundation

for almost all wealth management—institutional client, private client, or wealth management 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 them plan for retirement and the process of decumulation.

### UPDATED IN 2024—WEALTH MANAGEMENT TEAM CORE COMPETENCY #1: INVESTMENT MANAGEMENT

Investment management, investment consulting, and investment advisory services are, for six 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 of 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 2023 Investment Advisor Job Analysis Study, today's investment advisory professional is required to exhibit knowledge of 89 topics organized within 20 sections and five knowledge domains (see table 1).

### CIMA CERTIFICATION REQUIREMENTS

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

**Education:** Students must complete an education program at one of several registered education providers. These providers will be required to address 70 percent of the CIMA detailed content outline. And, commencing in 2024, the providers may be among the top 25 executive education programs in the United States, or among the top 50 degree-granting programs in the

Table  
1

### CIMA CERTIFICATION CORE TOPICS

| Fundamentals<br>(15% of exam)                 | Investments<br>(25% of exam)             | Behavioral Finance,<br>Portfolio Theory &<br>Construction<br>(25% of exam) | Performance Analysis<br>(10% of exam)       | Portfolio Implementation &<br>Consulting Process<br>(25% of exam)                |
|-----------------------------------------------|------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------------------------|
| Statistics & Methods                          | Investment Vehicles                      | Portfolio Theories &<br>Asset Pricing Models                               | Risk Concepts &<br>Measurement              | Investments & Wealth<br>Institute <i>Code of<br/>Professional Responsibility</i> |
| Applied Finance<br>& Economics                | Equity                                   | Behavioral Finance<br>Theory                                               | Performance<br>Measurement &<br>Attribution | Client Discovery &<br>Investment Policy<br>Statements                            |
| Global Capital Markets<br>History & Valuation | Fixed Income                             | Investment Philosophies<br>& Styles                                        |                                             | Investment Implementation<br>Approaches                                          |
|                                               | Alternative<br>Investments               | Portfolio Construction                                                     |                                             | Manager Search,<br>Selection, & Monitoring                                       |
|                                               | Options, Futures, &<br>Other Derivatives |                                                                            |                                             | Portfolio Review & Revisions                                                     |
|                                               | Real Assets                              |                                                                            |                                             |                                                                                  |

Source: Investments & Wealth Institute and HumRRO CIMA Job Analysis (2023)

CIMA CERTIFICATION EDUCATION PROVIDERS, AS OF AUGUST 2024:



United States.<sup>2</sup> International programs will be required to meet relevant standards for degree and executive education programs.

**Examination:** The CIMA certification examination will be administered as a four-hour, 120-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.

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

According to Cerulli Associates, investable assets held by high-net-worth (HNW) households in the United States have increased by more than \$23 trillion since 2011.<sup>3</sup> As a result, wealth management firms—large and small—have rapidly grown their service

offerings aimed at this demographic. More than one-third (35 percent) of HNW individuals state that the reason they began a relationship with their primary advisory providers is related to either services or client experience offered. Additionally, Cerulli data shows that since 2017, every category of service offering has become more commonplace to meet enhanced client expectations and needs.<sup>4</sup>

Clearly, to serve the HNW market segment, an integrated set of knowledge and skills is required to address the more sophisticated needs of high-net-worth and ultra-high-net-worth clients.

A CPWA professional is a wealth management professional with at least five years of experience who can assess holistically and implement responsibly a multidisciplinary financial plan that takes into account the particular concerns of clients with a minimum net worth of \$5 million. Based on the Private Wealth Advisor job analysis administered by HumRRO in 2024, today's CPWA professional is required to exhibit proficiency in 118 topics organized within 11 sections and four knowledge domains (see table 2).

### CPWA CERTIFICATION REQUIREMENTS

**Experience:** Candidates must have a minimum of five years of 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.

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

Many are aware of the statistic that shows more than 10,000 baby boomers

Table  
2

CPWA CERTIFICATION CORE TOPICS

| Human Dynamics<br>(18% of exam)             | Wealth Management<br>Technical Design<br>(34% of exam) | Legacy Issues<br>(21% of exam)   | Specialty Client Strategies<br>(27% of exam) |
|---------------------------------------------|--------------------------------------------------------|----------------------------------|----------------------------------------------|
| Ethics                                      | Tax Planning                                           | Charitable Giving & Philanthropy | Planning for Executives                      |
| Behavioral Finance &<br>Investor Psychology | Portfolio Management                                   | Estate Issues & Wealth Transfer  | Planning for Closely Held<br>Business Owners |
| Family Dynamics                             | Risk Management &<br>Asset Protection                  |                                  | Retirement Management                        |

Source: Investments & Wealth Institute and HumRRO CPWA Job Analysis (2024)\*

CPWA CERTIFICATION EDUCATION PROVIDERS, AS OF NOVEMBER 2024:



Table  
3

## RMA CERTIFICATION CORE TOPICS

| The Retirement Opportunity<br>(18% of exam) | The Retirement Client<br>(41% of exam) | Retirement Planning Technical Design<br>(41% of exam) |
|---------------------------------------------|----------------------------------------|-------------------------------------------------------|
| The Retirement Landscape                    | Client Discovery & Analysis            | Retirement Portfolio Allocations                      |
| The Retirement Mindset                      | 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 NOVEMBER 2024:



are turning 65 each day.<sup>5</sup> 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>6</sup>

An RMA professional is a retirement planning professional with at least three years of experience who leads individual clients through a process-based, holistic approach to help them plan for retirement and the process of decumulation. Based on the Retirement Management Advisor job analysis conducted by Professional Testing Services in 2022, today’s RMA professional is required to exhibit knowledge in 65 topics organized within 11 sections and three knowledge domains (see table 3).<sup>7</sup>

## RMA CERTIFICATION REQUIREMENTS

**Experience:** Candidates must have a minimum of three years of 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, 110-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 the value that clients receive for their money and for having an advisory relationship. 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 2023 by Absolute Engagement in collaboration with Investments & Wealth Institute.
2. CIMA Certification Commission Registered Education Program requirements, 2024.
3. U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2023 (Cerulli Associates, January 2024).
4. Ibid.
5. Although about 10,000 Americans have turned 65 every day for the past several

years, recent Social Security Administration projections based on census data indicate that that number has grown to 11,200 per day, a rate that will continue until 2027. <https://www.aarp.org/retirement/planning-for-retirement/info-2023/silver-tsunami-late-boomers-turn-65.html>.

6. See endnote 1.

7. Retirement Management Advisor Job Analysis Study, 2022.

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