

# **401(k) Rollover Specialist (k)RS™**

*Candidate Handbook*



**NAPA**

National Association  
of Plan Advisors

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## Section 1: Introduction

### **About the (k)RS™ Credential**

The Department of Labor made changes to the rules for handling rollovers from plans to individual retirement accounts (IRAs). These new rules, which became effective in 2022, apply to other transactions such as plan-to-plan, IRA-to-IRA, and commission-based to fee-based accounts. To help wealth management and retirement plan advisors get up-to-speed on when the rule applies and how to comply, NAPA created the (k)RS™ credential. This five-module program will not only teach you about the nuts and bolts of the requirements, but it will also assist with positioning for both existing and prospective clients given that it requires advisors to collect and analyze additional information which may seem like a heavy lift. By taking this interactive, online curriculum, advisors will come away with an understanding of ERISA fiduciary responsibility, how it applies to rollovers, and how to win new business despite the extra compliance requirements of the new rules.

### **About the National Association of Plan Advisors (NAPA)**

The National Association of Plan Advisors (NAPA), an affiliate organization of the American Retirement Association, was created by and for retirement plan advisors. Membership is also open to other retirement industry professionals who support the interests of plan advisors.

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*NAPA Membership offers three valuable benefits: advocacy, business intelligence, and networking – all designed to keep plan advisors in the forefront of the industry and help them succeed.*

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While the financial services industry is well represented in Washington by a number of trade associations that weigh in on issues affecting advisors, NAPA is the only advocacy group exclusively focused on the issues that matter to retirement plan advisors. This exclusive focus is what sets NAPA apart.

### **About the American Retirement Association (ARA)**

The American Retirement Association (ARA) is a non-profit organization that aims to educate retirement plan professionals and create a framework of policy that gives every working American the ability to have a comfortable retirement.

As part of that mission, for more than half a century, the ARA has developed and distributed education programs, information resources, and professional credentials that have become the gold standard for retirement plan professionals in every field of endeavor.

More than 26,000 members strong, today the American Retirement Association is comprised of five premier retirement industry associations; the American Society of Pension Professionals & Actuaries (ASPPA), the American Society of Enrolled Actuaries (ASEA), the National Association of Plan Advisors (NAPA), the National Tax-deferred Savings Association (NTSA), and Plan Sponsor Council of America (PSCA).

## Section 2: Preparing for the NAPA (k)RS™ Certification Exam

### Summary

The number of hours of study needed to prepare for NAPA examinations varies depending on the length and breadth of a candidate's experience in the field.

NAPA has available study materials to help individuals prepare for the (k)RS™ certification exam. The (k)RS™ online course is divided into five (5) modules, along with an assessment at the end of each module.

The below items are the preferred study materials for the examination.

- **(k)RS™ Online Course**
  - Module 1: Introduction to Fiduciary Status
  - Module 2: Understanding Prohibited Transactions and Exemptions
  - Module 3: Utilizing a Prudent Process for Rollovers from Retirement Accounts
  - Module 4: Going Beyond Plan to IRA with PTE 2020-02
  - Module 5: Communicating PTE 2020-02 with Clients and Prospects
- **(k)RS™ Glossary PDF**
- **(k)RS™ Additional Resources** (*located within the modules*)
- **(k)RS™ Practice Exam** (*this practice exam contains feedback for each question*)
- **(k)RS™ Final Proctored Exam**

## Section 3: Exam Administration

### Exam Format

The (k)RS™ exam is a 70-question multiple-choice exam. Candidates have a 2½ hour time limit to complete the exam.

### Exam Fees

The exam fee is \$405.

### Exam Delivery

The exam is delivered using a proctored online examination system. Candidates need access to a laptop or desktop computer with webcam and microphone to participate in the exam.

Candidates are provided system requirement documentation and system verification tools upon enrollment in the exam.

Candidates are permitted to use the browser-based calculator or the Windows on-screen calculator to perform calculations. Candidates may use the notes field to record results in multi-step calculations. Candidates may not use cell phones, handheld calculators, or other software-based calculators during the exam. Using paper to take notes or perform calculations during the exam is prohibited.

### Exam Enrollment

NAPA will enroll candidates in the NAPA online exam administration system within three (3) business days of the candidate's exam purchase or exam enrollment request. Candidates will be provided written instructions on how to access the online exam system, perform system functionality tests, and take a sample exam session prior to taking the exam.

### Exam Window

The exam window is three complete calendar months following the date of exam enrollment. Candidates will receive written confirmation of the exam window and exam expiry date.

### Exam Scoring

The final results will be reported to candidate after provisional results are reviewed and confirmed by NAPA staff.

### Time Limit

All credential exams are timed and must be completed within the allotted time. For (k)RS™, the time limit for the exam is 2½ hours. Exams cannot be paused and resumed after starting. Any exam questions left unanswered at the end of the allotted time will be counted as incorrect.

### Exam Results

Candidates will receive an email from the NAPA exam system after their exam results are validated. Candidates will be directed to access the NAPA exam system to view their exam results, review their score report, and download a certificate of completion if they have passed. For security reasons, results will not be provided over the phone or sent by fax.

## Score Reports

Candidates may request a score report upon completion and approval of the NAPA (k)RS™ exam. Score reports will indicate how an individual performed in each topic area.

## Language

The (k)RS™ credential exam is offered in English.

## Test Administration Modification

Special accommodations to test administration shall be provided to candidates with a disability (as defined by Title III of the Americans with Disabilities Act) who submit with their certification application a written explanation of their needs and appropriate documentation. Requests must be submitted no less than six weeks prior to test date to allow sufficient time for arrangements to be made on behalf of the test candidate. Application forms for these accommodations must be submitted in writing to NAPA at [customercare@napa-net.org](mailto:customercare@napa-net.org).

## Statement of Non-Discrimination

NAPA endorses the principles of equal opportunity. Eligibility criteria for examination and credentialing as a (k)RS™ are applied equally to all individuals regardless of age, race, religion, gender, national origin, veteran status, or disability.

## Confidentiality

NAPA recognizes candidates' rights to control personal information. NAPA's policy is designed to safeguard this information from unauthorized disclosure. Candidates can change preferences to be contacted by updating personal preferences in their profiles. To protect the rights to control results distribution, exam results are released only to the candidate and authorized NAPA or ARA staff.

NAPA does not release individual exam results, except for use in research studies that preserve candidates' anonymity. Candidates' results will always remain confidential unless authorized with the written consent of a candidate. Official statistics regarding the (k)RS™ credentialing exam, including all question performance data, individual data, and demographic data, will be considered confidential; however, NAPA reserves the right to publish aggregated, non-identifying information based on such data.

## Exam Irregularities

Any problems, suspected instances of cheating, alleged inappropriate examination administration, environmental testing conditions severe enough to cause disruption of the process or any other irregularities related to test administration should be brought to the attention of NAPA at [customercare@napa-net.org](mailto:customercare@napa-net.org). All such matters will be reported, investigated and subject to further action based on policies and procedures adopted by NAPA.

Cheating or other violations of the [ARA Code of Conduct](#), or matters that may constitute grounds for disciplinary action, will be handled under the disciplinary procedures adopted by ARA, but other issues in examination irregularities are not subject to appeal.

### **Violation of Code of Conduct**

If it is determined that a candidate has violated the [ARA Code of Conduct](#), the candidate may be barred from taking the exam for a timeframe determined by ARA.

### **NAPA Credential Candidate Inquiry Policy**

Candidates may submit written inquiries about NAPA study materials and credentialing exams. Inquiries regarding NAPA credentialing exams must be submitted by the exam candidate to NAPA at [customercare@napa-net.org](mailto:customercare@napa-net.org) within 30 days of the exam administration date.

NAPA will not review or respond to inquiries submitted on the candidate's behalf. Correspondence will be conducted in accordance with NAPA's privacy policy contained in this handbook.

### **Exam Refund & Transfer Policy**

Fees for examinations are not refundable. The right to sit for a NAPA examination belongs exclusively to the person named on the exam registration request. Candidates named on the exam registration request may transfer the right to another candidate. The transfer request must be submitted in writing to [accountsreceivable@usaretirement.org](mailto:accountsreceivable@usaretirement.org) not less than 15 days prior to the exam window expiry date.

## Section 4: Applying for NAPA (k)RS™ Credentialed Membership

### Credentialed Membership Application

Candidates who pass the (k)RS™ exam may apply for NAPA (k)RS™ credentialed membership by completing the [NAPA Credentialed Membership](#) application.

Candidates must agree to abide by the [ARA Code of Conduct](#), comply with the [NAPA continuing education policy](#), and pay NAPA credentialed membership dues and/or credential maintenance fees.

### Credential Maintenance Fee

There is an annual credential maintenance fee for retirement plan advisors affiliated with [NAPA firm partners](#). Credential maintenance fees are due December 31 of each calendar year.

First-year credential maintenance fees will not be assessed to (k)RS™ candidates awarded the (k)RS™ credential from December 1 to December 31.

The current list of NAPA firm partners may be found at <https://www.napa-net.org/about-us/partner-corner>. Credentials are suspended if credential maintenance fees are not paid by February 28.

### NAPA Membership Dues

(k)RS™ candidates who are not affiliated with a [NAPA firm partner](#) or who are credentialed members of one or more ARA sister organizations are required to maintain NAPA credential membership to hold the (k)RS™ designation. Membership applications may be found at <https://www.napa-net.org/member/join>.

### Credential Mark Usage Policies and Procedures

An individual who has been granted the NAPA (k)RS™ membership may list the credential on stationery, websites, business cards and other promotional materials as:

- First name, Last name, NAPA (k)RS™
- First name, Last name, 401(k) Rollover Specialist
- First name, Last name, (k)RS™

Should the credential be suspended or withdrawn for any reason, the individual must immediately cease the use of the title NAPA 401(k) Rollover Specialist and acronym designation on stationery, websites, business cards, and all promotional materials.



## Section 5: NAPA (k)RS™ Continuing Education Requirements

As a professional society, NAPA recognizes the importance of the continuing educational development of its members. NAPA has a mandatory program of Continuing Education (CE) that affects all NAPA credentialed members who hold a NAPA (k)RS™ credential. CE requirements apply to all credentialed members, regardless of when the credential(s) were awarded.

### Annual Continuing Education Requirement

(k)RS™ designation holders must complete ten (10) hours of Continuing Education (“CE”) each calendar year following the calendar year the (k)RS™ designation is earned. CE hours must meet the Continuing Education Content Standards outline below.

Each calendar year a minimum of four (4) hours of the annual ten (10) hour CE requirement must cover nonqualified plan relevant topics (“Relevant Topics”) identified in this continuing education policy statement. In addition, a minimum of one (1) hour of CE credit earned annually must address professional ethics and the ARA’s Code of Professional Conduct.

### Continuing Education Content Standards

CE must meet the following standards qualify for continuing education credit:

- Content must be developed by person(s) qualified in the subject matter.
- CE hours reported shall match the actual time on task rounded down to the nearest five (5) minute increment.
  - One (1.0) hour of CE is equivalent to 50 minutes of instruction or study time on task
  - After the first 50 minutes, CE hours may be accrued in 5-minute increments where 5 minutes is equal to one tenth (0.1) of a CE credit.
  - CE will not be accepted for any event less than 45 minutes time on task. This is equivalent to a nine-tenths (0.9) CE threshold.

## Relevant Topics

Relevant Topics that will satisfy the four (4) hour retirement plan education requirement includes, but is not limited to, the following Relevant Topics:

- Retirement Plan Legislative and Regulatory Updates
- Qualified Plan Features and Administration
- Fiduciary Responsibilities
- Retirement Plan Employer and Participant Communications
- Retirement Plan Products
- Retirement Plan Sales Process
- Supplemental Executive Retirement Plans (SERPs)
- Executive Key employee retention programs
- Customized Executive benefit programs
- Informal funding implementation strategies

## Professional Development

All continuing education topics that promote a NAPA member's professional development in the retirement field qualify for NAPA Professional Development CE (including non-technical topics such as marketing and advanced ID training). Broad categories include topics such as:

- IRAs
- Tax-Exempt & Governmental Plans
- Investments & Insurance
- Participant Issues
- Business Management, Operations & Development
- Personal Development
- Technology

## Third Party CE

- Designation holders are responsible for reporting third party CE activity using the NAPA CE reporting system.
- Records of completion of third-party CE must be maintained by the designation holder for a minimum of two (2) calendar years following the calendar year for which the CE credit is reported.
- Third party CE is subject to audit.

## NAPA Provided CE

- NAPA will record CE credit for participation in NAPA CE events.
- NAPA will ensure that NAPA provided CE meets the required continuing education content standards and addresses related Relevant Topics.

## Compliance and Audit

The audit of third-party CE is conducted for the benefit of all NAPA members and (k)RS™ credential holders. The CE audit process demonstrates NAPA's ongoing commitment to professionalism and the integrity of the (k)RS™ program. The CE audit process helps ensure compliance with the CE policy, but more importantly will help NAPA identify opportunities to continuously improve the (k)RS™ CE program.

## The Audit Process

NAPA will conduct an annual audit of reported third party CE. The audit will encompass a randomly selected representative sample of designation holders who reported third party CE the prior calendar year.

Designation holders who are randomly selected for the CE audit will be asked to provide suitable documentation to substantiate that the reported third-party CE meets the Continuing Education Content Standards. In general, the documentation must demonstrate that:

- The content was developed by a subject matter expert with expertise pertinent to the subject matter
- Time on task for the CE credit awarded
- Successful completion or participation

The designation holder subject to audit will also be asked to provide a description of the CE session for any third-party CE reported to satisfy the ethics or nonqualified plan related Relevant Topic requirement.

## Suspension of Designation

The (k)RS™ designation may be suspended for the following reasons

- Failure to comply with the [NAPA Continuing Education Policy](#)
- Failure to renew NAPA membership or NAPA credential maintenance fee as applicable
- Violation of the [ARA Code of Conduct](#)

### Failure to comply with the NAPA Continuing Education Policy

Designation holders will have until March 1 of each calendar year to report CE for the prior calendar year CE cycle. NAPA provided CE earned prior to March 1st of each calendar year may be applied to the CE reporting cycle for the prior calendar year. In no case will CE be recorded for more than one CE reporting cycle.

If the failure to comply with the [NAPA Continuing Education Policy](#) results from the audit of third-party CE, the designation holder will have 60 days from the date of notification to correct the deficiency.

### Failure to Renew NAPA Membership or NAPA Credential Maintenance Fee

Designation holders are expected to remain NAPA members in good standing and make timely payment of any credential maintenance fee that may be required by NAPA. Failure to pay any required fees by March 1 of each calendar year will result in suspension of the credential.

### Violation of the ARA Code of Conduct

Suspension and/or revocation of designations due to actual or reported violation of the [ARA Code of Conduct](#) is addressed in the ARA Code of Conduct Disciplinary Procedures.

### Revocation of Designation

The designation will be revoked for designation holders who do not correct the deficiency or deficiencies that initiated suspension of the designation.

## **Reinstatement**

Reinstatement may be granted if the following conditions are met prior to the end of the calendar year following the calendar year a designation is suspended or revoked:

- The reinstatement application and new membership application is submitted,
- Required fees including membership, credential maintenance and reinstatement fees are paid in full, and
- Documentation is provided demonstrating completion of required 10 CE (including one Ethics) in the 12 months preceding submission of the application

## Section 6: NAPA (k)RS™ Certification Exam Content Outline

### Module 1: Introduction to Fiduciary Status (10%)

#### Learning Objectives

- Define a fiduciary under ERISA Section 3(21)(A).
- Recognize when you are acting as an ERISA fiduciary and the significance of this status.
- Identify your duties when serving as an ERISA fiduciary.
- Explain the prongs of the five-part test.
- List the risks of having a fiduciary status.
- Distinguish education versus advice.

### Module 2: Understanding Prohibited Transactions and Exemptions (30%)

#### Learning Objectives

- Classify prohibited transactions (PTs) under the IRC and ERISA.
- Describe the purpose of prohibited transaction exemptions (PTEs).
- Utilize PTE 2020-02 with rollovers.

### Module 3: Utilizing a Prudent Process for Rollovers from Retirement Accounts (33%)

#### Learning Objectives

- Apply a three-step process to analyze plan to IRA rollover recommendations.
- Locate information required to analyze a plan to IRA rollover recommendation.
- Determine the materials required to be delivered alongside a rollover recommendation.

### Module 4: Going Beyond Plan to IRA with PTE 2020-02 (17%)

#### Learning Objectives

- Identify when PTE 2020-02 should be utilized.
- Apply a three-step process to analyze scenarios using PTE 2020-02 beyond plan to IRA rollover recommendations.
- Evaluate what is in the best interest of the Retirement Investor when PTE 2020-02 is applied using a three-step process.

### Module 5: Communicating PTE 2020-02 with Clients and Prospects (10%)

#### Learning Objectives

- Identify the ways in which fiduciary status under ERISA can be a differentiator to win new business.
- Develop a script to communicate the value of PTE 2020-02 to prospective clients.
- Determine how to communicate the advantages regarding PTE 2020-02 to existing clients.

## Section 7: ARA Code of Professional Conduct

The purpose of this Code of Professional Conduct (“Code”) is to identify the professional and ethical standards with which a member must comply to fulfill the Member’s responsibility to the American Retirement Association and its affiliate organizations, other Members, and the public. Members are required to adhere to the high standards of conduct, practice, and qualification set forth in this Code.

### 1. Definitions

- **Actuary:** an individual who is a Member of the American Retirement Association and holds an MSPA or FSPA from the ASPPA College of Pension Actuaries or an actuarial credential from another organization that is a member of the International Actuarial Association (IAA) or is an enrolled actuary in good standing with the Joint Board for the Enrollment of Actuaries.
- **Advertising:** all communications by whatever medium, including oral communications, which may directly or indirectly influence any person or organization to decide whether there is a need for Professional Services or to select a specific person or firm to perform such services.
- **Confidential Information:** information not in the public domain of which the Member becomes aware during the course of rendering Professional Services to a Principal. It may include information of a proprietary nature, information which is legally restricted from circulation, or information which the Member has reason to believe that the Principal would not wish to be divulged.
- **Credential:** a membership designation (e.g., Certified Pension Consultant; Member, Society of Pension Actuaries; or Associated Professional Member) conferred by American Retirement Association.
- **Law:** statutes, regulations, judicial decisions, and other statements having legally binding authority.
- **Member:** An individual who is a Member of American Retirement Association or any affiliate organization of American Retirement Association.
- **Principal:** any present or prospective client of a Member or the employer of a Member where the Member provides retirement plan services for their employer’s plan.
- **Professional Communication:** a written, electronic or oral communication issued by a Member with respect to Professional Services.
- **Professional Services:** services provided to a Principal by a Member, including the rendering of advice, recommendations, findings, or opinions related to a retirement or other employee benefit plan.
- **Titles:** leadership positions, volunteer experience, awards and other honors conferred by American Retirement Association.

## **2. Advertising**

Member shall not engage in any Advertising with respect to Professional Services that the Member knows or is reasonably expected to know are false.

## **3. Communications**

A Member who issues a Professional Communication shall take appropriate steps to ensure that the Professional Communication is appropriate to the circumstances and its intended audience.

## **4. Compliance**

A Member shall be knowledgeable about this Code, keep current with Code revisions and abide by its provisions. Laws may impose binding obligations on a Member. This Code is not intended to supplant, contradict or supersede Law (e.g., Circular 230) or other Codes of Conduct that establish professional standards for Members in the rendition of Professional Services and that have been sanctioned by the federal or a state government. Where the requirements of Law or such governmentally-sanctioned Codes conflict with this Code, the requirements of Law or such governmentally-sanctioned Codes take precedence.

## **5. Confidentiality**

A Member shall not disclose to another party any Confidential Information obtained in rendering Professional Services for a Principal unless authorized to do so by the Principal or required to do so by Law.

## **6. Conflicts of Interest**

A Member shall not perform Professional Services involving an actual conflict of interest unless:

- The Member's ability to act fairly is unimpaired; and
- There has been full disclosure of the conflict to the Principal(s); and
- All Principals have expressly agreed to the performance of the services by the Member.

If the Member is aware of any significant conflict between the interests of a Principal and the interests of another party, the Member should advise the Principal of the conflict and include appropriate qualifications or disclosures in any related communication.

## **7. Control of Work Product**

A Member shall not perform Professional Services when the Member has reason to believe that they may be altered in a material way or may be used to violate or evade the Law. The Member should recognize the risk that materials prepared by the Member could be misquoted, misinterpreted, or otherwise misused by another party to influence the actions of a third party and should take reasonable steps to ensure that the material is presented fairly and that the sources of the material are identified.

## 8. Courtesy and Cooperation

- A Member shall perform Professional Services with courtesy and shall cooperate with others in the Principal's interest. A Principal has an indisputable right to choose a professional advisor. A Member may provide service to any Principal who requests it even though such Principal is being or has been served by another professional in the same manner.
- B. When a Principal has given consent for a new or additional professional to consult with a Member with respect to a matter for which the Member is providing or has provided Professional Services, the Member shall cooperate in assembling and transmitting pertinent data and documents, subject to receiving reasonable compensation for the work required to do so. In accordance with Circular 230, the Member shall promptly, at the request of the Principal, return any and all records of the Principal that are necessary for the Principal to comply with federal tax Law, even if the Member is not subject to Circular 230. The existence of a fee dispute generally does not relieve the Member of this responsibility except to the extent permitted by applicable state Law. The Member need not provide any items of a proprietary nature or work product for which the Member has not been compensated.

## 9. Disclosure

A Member shall make full and timely disclosure to a present or prospective Principal of all sources of direct or indirect material compensation or other material consideration that the Member or the Member's firm has received or may receive in relation to an assignment for such Principal. The disclosure of sources of material compensation or consideration that the Member's firm has received, or may receive, is limited to those sources known to, or reasonably ascertainable by, the Member.

## 10. Professional Integrity

A Member shall perform Professional Services and shall take reasonable steps to ensure that Professional Services rendered under the Member's supervision are performed with honesty, integrity, skill, and care. A Member has an obligation to observe standards of professional conduct in the course of providing advice, recommendations and other services performed for a Principal. A Member who pleads guilty to or is found guilty of any misdemeanor related to financial matters or any felony shall be presumed to have contravened this Code and shall be subject to American Retirement Association's counseling and disciplinary procedures.

## 11. Qualification Standards

A Member shall render opinions or advice or perform Professional Services only when qualified to do so based on education, training, and experience.

## 12. Titles and Credentials

A Member shall make truthful use of the membership Titles and Credentials of ARA to which the Member is entitled, and only where that use conforms to the practices authorized by American Retirement Association. A Member who is not an Actuary as defined in section 1 of this Code



shall not professionally represent to the public to be an actuary or knowingly allow such misrepresentation by others.

### **13. Additional Obligations**

- A Member whose professional conduct is regulated by another membership organization shall abide by the professional Code of Conduct (or similar rules) of such organization. For example, a Member who is an actuary shall also abide by the [Code of Professional Conduct for actuaries](#).
- A Member shall respond promptly in writing to any communication received from a person duly authorized by American Retirement Association to obtain information or assistance regarding a Member's possible violation of this Code. The Member's responsibility to respond shall be subject to Section 5 of this Code, "Confidentiality," and any other confidentiality requirements imposed by Law. In the absence of a full and timely response, American Retirement Association may resolve such possible violations based on available information.