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FINANCIAL SERVICES REVIEW

From the Editor

This issue contains **Issue 1 of Volume 24** of *Financial Services Review* (*FSR*). I would like to thank the board and members of the Academy of Financial Services for their continued support. I continue to work in broadening the scope of articles, while still focusing on individual financial management and personal financial planning. I encourage authors to reach out when discussing implications of their findings in a more comprehensive way. As such, all articles in the Journal more appropriately relate to financial planning issues.

The lead article "Gender Differences in Saving Behaviors among Low- to Moderate-Income Households" is coauthored by Patti J. Fisher at Virginia Tech, Celia R. Hayhoe at Virginia Tech, and Jean M. Lown at Utah State University. In this paper, the authors explore gender differences in saving behaviors among low- to moderate-income households using data collected online from a national sample of low- to moderate-income households and data on similar income single households from the 2010 Survey of Consumer Finances. Their results indicate that saving behaviors differ by gender. They find gender differences in the effects of high risk tolerance and being non-white on the likelihood of being a saver. They also find that the presence of other household members affects savings differently for women and men. They recommend that counselors encourage savings among men and women in low- to moderate-income households as a way to reduce financial risk and ensure financial security.

The second article "Spread Options and Risk Management: Lognormal Versus Normal Distribution Approach" is coauthored by Robert Brooks at The University of Alabama and Brandon N. Cline at Mississippi State University. The authors provide tools for managing the downside risk related to the spread between the asset portfolio and corresponding liabilities for individual investors. They investigate the spread option valuation model where both underlying instruments follow geometric Brownian motion, and one where both underlying instruments are assumed to follow arithmetic Brownian motion. They show that the risk parameters are often materially different. For most personal financial planning applications, one can safely use the simpler arithmetic Brownian motion model.

The third article, "Minority household size and the life insurance purchase decision " is coauthored by Michael A. Guillemette at the University of Missouri, M. Monica Hussein at California State University, Northridge, and G. Michael Phillips at California State University, Northridge. The authors use the 1992-2010 Survey of Consumer Finances to analyze whether the likelihood of life insurance ownership and the face value amount of life insurance changes for minorities as household size changes. They find that the likelihood of life insurance ownership declines for black and larger Hispanic families as household size increases when controlling for socioeconomic and demographic variables. They also find a significant decline in the face value amount of term life insurance purchased by black families as household size rises. They recommend that financial planners recognize potential cultural biases and the possible role of household members when meeting with their clients to discuss life insurance coverage.

The fourth article, "Home Ownership Decision in Personal Finance: Some Empirical Evidence" Is coauthored by C. Sherman Cheung and Peter Miu both at McMaster University. In this paper, the authors examine the home ownership question for households with differing risk tolerance and demonstrate the interaction effect between financial assets and home ownership. They also examine whether the economic case for home ownership varies across U.S. regions. For households that decide to rent instead of own, the authors recommend hedging housing consumption risk with investments in real estate investment trusts.

The final article, "Do Financial Networks Matter in Retirement Investment Decisions? Evidence from Generation Yers" is coauthored by Yunhyung Chung and Youngkyun Park both at the University of Idaho. The authors use experimental survey data collected from a sample of Generation Yers to examine the joint influence of financial literacy and financial networks on individual retirement investment decisions. They find that financial literacy and financial network intensity are positively related to stock allocation. They also show that the positive relationship between financial literacy and stock allocation is significant only among those having high financial network intensity.

I would like to send a special thank you to the many reviewers that have significantly contributed to the quality of our journal by providing timely and thorough reviews of the submissions to our journal. Thanks to those who make the journal possible, especially the referees and contributing authors.

Please consider submission to the Financial Services Review and rely on the style information provided to ease readability and streamline the review process. The Journal welcomes articles over the range of areas that comprise personal financial planning. While FSR articles are certainly diverse in terms of topic, data, and method, they are focused in terms of motivation. FSR exists to produce research that addresses issues that matter to individuals. I remain committed to the goal of making Financial Services Review the best academic journal in individual financial management and personal financial planning.

Best regards,
Stuart Michelson
Editor *Financial Services Review*