Financial Services Review 24 (2015) v–vi

FINANCIAL
SERVICES
REVIEW

From the Editor

This issue contains **Issue 2 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 “Financial Literacy and Financial Behavior: Assessing Knowledge and Confidence,” is authored by Colleen Tokar Asaad at St. Bonaventure University. In this paper the author explores how financial literacy, comprised of both actual financial knowledge and perceived financial confidence, affect financial decisions. Her results indicate that financial confidence is a critical component of financial literacy and is important across all knowledge levels. She also shows that overconfident individuals or those with high self-assessed knowledge, but low actual knowledge, have a higher propensity to engage in risky financial behaviors.

The second article “Financial Knowledge Acquisition Among the Young: The Role of Financial Education, Financial Experience, and Parents’ Financial Experience,” is coauthored by Ning Tang and Paula C. Peter, both at San Diego State University. The authors explore how financial education, financial experience, and parents’ financial experience influence young adults’ financial knowledge. Using data on 3,597 young adults from a national longitudinal survey, they find that financial education, financial experience, and parents’ financial experience all exert a positive impact on young adults’ financial knowledge. They also find that these determinants work interactively and that both individual and parents’ financial experience help narrow the gap in financial knowledge caused by lack of financial education.

The third article, Do U.S. households perceive their retirement preparedness realistically?,” is coauthored by Kyoung Tae Kim at University of Alabama and Sherman D. Hanna at the Ohio State University. In this paper, the authors examine the divergence between objective and subjective assessment of retirement adequacy, analyzing U.S. households with a full-time worker age 35 to 60 in the 2010 Survey of Consumer Finances. They find that of those households, 58% have objective inadequacy, and 54% have subjective inadequacy, but only 52% have objective/subjective consistency. Using a logistic regression, they show that households with defined benefit plans and with defined contribution plans are less realistic than those without plans, and, as age increases, realism decreases.

The fourth article, "Investment Performance of AAII Stock Screens over Diverse Markets," is coauthored by David S. North and Jerry L. Stevens, both at University of Richmond. In this paper, the authors extend prior research on AAII screening performance by including more recent investment periods, employing more rigorous factor models, and examining both median and mean returns to address possible skewness. They show that over a period of tumultuous markets, with as little as $50,000 to invest, over 30% of the available screens achieved statistically significant excess rates of return unrelated to transaction costs and multi-factor risks proposed by efficient market theorists. These results should assist individual investors who often rely on information services and products when making their investment decisions.

The final article, "The Grable and Lytton Risk-Tolerance Scale: A 15-Year Retrospective," is coauthored by Stephen Kuzniak, Abed Rabbani, Wookjae Heo, Jorge Ruiz-Menjivar, and John E. Grable, all at University of Georgia. The authors follow up on the Financial Risk Tolerance Scale developed by Grable and Lytton which was originally published in *Financial Services Review* in 1999. Over that last 15 years this scale has been widely used by consumers, financial advisers, and researchers to evaluate a person's willingness to engage in a risky financial behavior. Their data analysis (n = 160,279) spanning the timeframe 2007 to 2013 provide supporting evidence that the risk-tolerance scale's reliability and validity have remained robust since the scale was first developed. They found that consistent with the literature, high scale scores, representing a greater willingness to take risks, were found to be associated with equity ownership and negatively related to cash and bond holdings.

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*