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From the Editor

This issue contains **Volume 27 - Issue 4** 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 "The Importance of Debt for Household Risky Asset Allocation and Portfolio Structure" is coauthored by Ran Tao and Yuan Yuan, both at University of Wisconsin, Whitewater. The authors examine the joint behavior of debt and financial asset portfolio decisions. They test the relationship between debt structure and asset allocation and then estimate the determinants of debt structure and asset allocation simultaneously. They find evidence that debt structure affects households' risky asset allocation decisions and identify the demographic and financial factors that can contribute to the household overall financial portfolio structure.

The second article "The Impact of the Tax Cuts and Jobs Act oon IRA Choice for Moderate Income Investors, is coauthored by Timothy Manuel, Lee Tangedahl, and Kent Swift, all at University of Montana, Missoula. While he Traditional IRA remains the more popular choice of IRA among investors and the passage of the 2018 Tax Cut and Jobs Act makes the Traditional IRA a better choice for many moderate income individuals who will be in the 22% marginal tax bracket during their working years. The authors compute breakeven rates of return on investment where the Roth is preferred to the Traditional are higher with the new tax law. The utilize a spreadsheet model for investors who do not invest the tax savings and find that in this case the Traditional IRA can be a better choice for many moderate income individuals.

The third article, "Local Creative Culture and Dividend Policy" is coauthored by Erdem Ucar and Arsenio Staer, both at California State University Fullerton. The authors examine the role of local risk-taking propensity on dividend demand by using local creative culture as a measure of local risk-taking. They find that firms located in areas with a strong creative culture are less likely to pay and initiate dividends and exhibit lower levels of dividend yield. The paper also highlights the local component of corporate dividend policies and offers additional evidence supporting dividend catering theory. They indicate that these results underscore the importance of cultural determinants of investors' risk-taking for financial industry participants.

The fourth article, "Financial Capability: Literacy, Behavior, and Distress" is coauthored by Janine K. Scott, at Shepherd University, Nghia Nguyen at Massey University, Yuanshan Cheng at Winthrop University, and Philip Gibson at Winthrop University. In this paper the authors investigate the influence of individual financial knowledge and financial behavior on the probability of experiencing financial distress. They examine three measures of financial distress related to bill payment, retirement saving, and being late with a mortgage payment. They construct financial literacy and financial behavior indices using questions from the survey that pertain to financial knowledge and financial decision-making. They conclude that financial literacy and positive behavior reduces financial distress stemming from simple financial matters. Although they find the opposite result for more complex financial decisions.

The final article, "Risk and Reward of Fractionally-leveraged ETFs in a Stock/Bond Portfolio" is authored by James DiLellio at Pepperdine University. The author investigates using 1.25X leveraged stock and bond exchange-traded funds (ETFs) as an asset allocation strategy. He analyzes performance by replicating funds from 1989–2017 and conducts simulations to assess performance under a variety of market conditions, and demonstrate opportunities for excess returns over unlevered funds in a 60/40 stock/bond allocation. These results are accomplished with a small reduction in the Sharpe ratio and no need to access margin. He concludes that this asset allocation strategy could be well suited for investors more interested in total returns during upward trending markets.

Thanks to those who make the journal possible, especially the referees and contributing authors. Over the past year, the following reviewers provided excellent reviews of the articles you enjoyed within the pages of Financial Services Review. 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.

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*