

From the Editor

This issue contains **Volume 28 - Issue 2** 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 “Constructing Tax Efficient Withdrawal Strategies for Retirees with Traditional 401(k)/IRAs, Roth 401(k)/IRAs, and Taxable Accounts” is coauthored by James DiLellio at Pepperdine and Daniel Ostrov at Santa Clara University. In this paper, the authors construct an algorithm for U.S. retirees that computes individualized tax efficient annual withdrawals from tax-deferred, tax-exempt, and taxable accounts. Their approach determines the optimal switching times between tax-exempt and taxable account consumption, as well as between tax-deferred and taxable account consumption. Their model, accommodates salient tax code features, including dividends, different taxable lots, and required minimum distributions.

The second article “The perfect withdrawal amount over the historical record” is authored by E. Dante Suarez at Trinity University. In this research, the author determines the perfect withdrawal amount (PWA) from retirement savings accounts. The PWA is that which, if taken out in the first year of retirement and used again every year adjusted by inflation, leaves exactly the desired final balance on the account. He presents a formula for obtaining the PWA and finds that safety-minded investors should enter retirement with a higher stock allocation than what is currently used in most investment funds designed to provide income during retirement.

The third article, “Conceptualizing Financial Advice in Australia: The Impact of Business Models and External Stakeholders on Client’s Best Interest Practice” is coauthored by D.W. Richards and E.F. Morton at RMIT University. In this paper, the authors examine the Australian financial advice sector, determine when financial advice can be provided in a client’s best interest, and formulate a model differentiating types of financial advice. They find that some business models prioritize financial institution interests while thwarting external stakeholders encouraging best interest practice.

The final article, “Active vs. Passive, The Case of Sector Equity Funds” coauthored by Yuhong Fan Weber State University and Crystal Yan Lin, Eastern Illinois University. The authors examine performance of 95 actively managed U.S. sector equity mutual funds from 29 fund families relative to their peer exchange-traded funds, SPDR sector ETFs, in the

period of 2008 to 2017. Their results show that passive funds outperform actively managed sector mutual funds. When focusing on the 9 oldest actively managed Fidelity sector mutual funds, outperformance in the period of 1999-2010, appears to fade away during the period of 2011-2017. Their results indicate that U.S. sector equity market has become more efficient in the past decade.

Thank you 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*