

From the Editor

This issue contains **Volume 28 - Issue 3** 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 “Career and Education Choice as Central Elements of Long-Term Financial Planning” is coauthored by Inga Timmerman at California State University, Northridge and Nikanor Volkov at Mercer University. In this paper, the authors demonstrate that human capital accounts for the majority of an individual’s wealth portfolio. They include human capital and show that the choice of career and education level has a significant effect on the Sharpe ratio of an individual’s overall wealth portfolio. They illustrate how an individual can perform a simple NPV-like analysis in the process of career planning.

The second article “Selecting a Social Security Age to Balance Consumption and Risk” is coauthored by Colonel Barry Cobb and Colonel Jeffrey S. Smith, both at Virginia Military Institute. The authors use Monte Carlo simulation to determine the maximum consumption given retirement at age 62, initial wealth, risk tolerance, and Social Security decision. The authors show that, conditional on retirement at age 62, initial consumption is always maximized by taking Social Security no later than age 63; it also results in the highest simulated ending wealth at death, and the lowest amount of simulated time living on just Social Security.

The third article, “A theoretical examination of cash-back credit cards and their effect on consumer spending” is coauthored by Noah MacDonald and Brent Evans, both at Georgia College & State University. In this paper, the authors construct models to analyze the use of cash-back cards demonstrating that cash-back cards increase spending (and thus, reduce savings) for some consumers. While prior research focuses on behavioral issues related to credit cards, this research shows that some consumers will rationally increase spending when using a cash-back credit card in lieu of cash.

The final article, “Develop a retirement plan and stick to it: It will improve both your attitude and behavior with money” is authored by Gizelle D. Willows at the University of Cape Town. In this study, the author explores the relationship between financial literacy, behavior and attitude, and retirement savings decisions. Members of a South African tertiary institution’s retirement fund were surveyed, and multi-stage multivariate regression and mediation

analyses showed that developing and conforming to a retirement plan positively influenced financial attitude and behavior. These results indicate that interventions should focus on the specific behaviors which drive retirement planning, rather than financial literacy in isolation. The author also shows that use of formal tools, such as consulting with a financial planner, increases the relative risk of successful retirement planning.

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*