



From the Editor

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This issue of Volume 8 has three articles that examine various aspects of individual portfolio decisions. A fourth article offers an unusual alternative to shielding potential homeowners from interest rate risk and the fifth tests the impact of planning on the individual's satisfaction with retirement.

The Steven C. Gold and Paul Lebowitz article entitled, "Computerized Stock Screening Rules for Portfolio Selection," uses a commercial program that screens stocks to determine if portfolios can be constructed that earn excess returns. The overwhelming amount of information available on the Internet suggests the need for this article and future ones that test the information sources that are being accessed by individuals.

"Municipal Bonds: A Contingent Claims Perspective," by Robert Brooks, provides an overview of a market that has received remarkably little academic attention. He provides a tutorial on the embedded contingent claims on these types of bonds and cautions investors on factors to consider in including this type of asset in their portfolio.

The third article by John MacDonald and David M. Smith, entitled "Investor Partitioning of the Components of Value in Corporate Earnings Announcements" uses a unique data base to test the dividend-related and capital gains-based returns for large corporate stocks based on newly available earnings information. Their results suggest that the majority of the value gained from positive announcements is reflected in capital gains rather than dividends.

In addition to all of the normal risks of purchasing a home, individuals must also deal with potential changes in interest rates for permanent mortgages. Terry L. Zivney and Carl F. Luft provide a simulation for hedging this risk in their article entitled, "Hedging Individual Mortgage Risk."

Harold W. Elder and Patricia M. Rudolph in an article entitled, "Does Retirement Planning Affect the Level of Retirement Satisfaction" present a data base that should be of interest to those researching retirement issues. The authors provide a review of the literature in this area from several disciplines and rigorously examine the impact of thinking about and attending planning sessions on individual's satisfaction with retirement.