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From the editor

Retirement planning is becoming increasingly important as the baby boomers approach the age when they are eligible to retire and must deal with the consequences of their prior investment decisions. Three of the six articles in this issue deal with various aspects of pension plans and ratios to be used in planning activities.

Kevin W. SigRist and Stewart L. Brown explore the issues involved in designing a state retirement plan in Florida for their article entitled, "Design Considerations for Large Public Sector Defined Contribution Plans". They identify the major types of public retirement plans, issues that face the trustees who oversee the implementation of a plan, legal issues, model legislation for these types of plans, the administrative and advisory costs of the plans, and the tradeoff involved in institutional accounts versus mutual funds. This article is of particular interest to all of those individuals who expect a pension from a state entity as well as those who are responsible for designing these plans.

Many educators invest at least some of their retirement funds in TIAA/CREF funds that are available through 403(b) plans. Edward M. Miller and Larry J. Prather examine the possibility of predictable patterns in TIAA/CREF funds that allow for an opportunity to use a trading rule that they devise that will beat a buy and hold approach. Their work is interesting in light of the announcement by CREF that restricts the number of trades that can be made by participants.

Specific ratios that financial planners can use in helping their clients to plan for retirement are provided in a study by Sue Alexander Greninger, Vickie L. Hampton, Karrol A. Kitt, and Susan Jacquet. They report on a survey that seeks consensus on appropriate assumptions to use in retirement savings projections and specific steps to be taken as the individual nears retirement age.

Bond funds are frequently recommend for those nearing retirement as an alternative to stocks. James Philpot, Douglas Hearth, and James Rimbey examine the performance of managers of bond funds in an article entitled, "Performance Persistence and Management Skill in Non-Conventional Bond Mutual Funds". They find that managers of high-yield bond funds are able to outperform on a short-term basis. They also provide evidence that portfolio turnover is inversely related to risk-adjusted performance.

Individual investors are often advised to add international funds to their portfolio to reduce their overall risk. Matthew O'Connor and Edward A. Downe explore the impact of WEBS

on closed-end country funds. They caution investors to be wary of discounts for these types of funds.

The last article by Jeanne M. Hogarth and Jinkook Lee looks at the search pattern that individuals follow in selecting a mortgage. This article is unique in as much as it explores factors that are not normally study in the residential financing literature.

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