

## From the Editor

This issue contains **Issue 2 of Volume 22** 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 “Risk-Sharing Implications for Roth IRA Conversions: Fact and Fiction” is coauthored by Stephen M. Horan at Saint Mary’s University and Ashraf Al Zaman at CFA Institute. The authors investigate the risk-sharing implications of taxation associated with the option to convert a traditional IRA to a Roth IRA. Although the conversion option may create value for savers by potentially reducing their tax burdens, the risk profile of their holdings may change. Delaying payment of the conversion tax creates a leveraged equity position for the taxpayer. The authors show that the conversion decision depends on the dynamics of the underlying asset, including volatility and its path through time. How asset dynamics affect the ultimate payoff depends on the financing source for the conversion tax payment. These factors render some conventional wisdom around conversion unreliable.

The second article, “Rationality, Irrationality, and “Predictable Irrationality” Does Education, Curriculum, or Gender Matter?” is coauthored by Robert C. Dolan and Jerry L. Stevens, both at the University of Richmond. In this study the authors test for differences in investment bias across student cohorts defined by college education, course of study, and gender. They find that predictable irrationality due to a behavioral bias is a frequent and significant response that is invariant with respect to college education or course of study. They also find that men make more rational choices than women overall, but a college education eliminates the significance of the difference.

The third article, “The Influence of Race on the Social Security Early Retirement Decision for Married Couples” is coauthored by Diane Scott Docking at Northern Illinois University, Rich Fortin at New Mexico State University, and Stuart Michelson at Stetson University. The authors investigate the social security early and delayed retirement decision for married men and women and accounting for race. They analyze the 9 married couple combinations for the following races: Whites (W), Hispanics (H) and Blacks (B). They develop an Excel model to compute the breakeven IRR for each of the 9 race combinations from age 62 through age 70. The authors find that breakeven IRR’s for a given “base age” are, in general, monotonically decreasing compared to older ages (the exceptions are when comparing age 62 to ages

63, 64 and 65). They conclude that, from a given base age, it is generally more optimal to retire now with a longer time horizon since the hurdle rate is lower and later with a short time horizon since the hurdle rate is higher.

The fourth article, “Who Takes Personal Finance?” is coauthored by Jaclyn J. Beierlein and Margot Neverettb, both at East Carolina University. The authors compare students who take an elective personal finance course to those that do not. Women, students with higher verbal SAT scores and GPAs, and arts and education majors are less likely to take the course, while men and business, human ecology, and social sciences majors are more likely. Women earn slightly higher grades in the course than men do. Based on enrollment, women demonstrate less interest in personal finance than do men.

The final article, “Title: Accumulating and Spending Retirement Assets: A Behavioral Finance Explanation” was coauthored by Diane K. Schooley at Boise State University and Debra Drecnik Worden at George Fox University. The authors investigate the uncertainty surrounding social security benefits and public sector pension. They that education, financial discipline and financial sophistication increase the likelihood of participating in a pension or an IRA/Keogh plan. Financial distress decreases the likelihood of setting aside additional funds in an IRA/Keogh plan. Further, the likelihood that an eligible individual will decline an offered pension plan decreases with education and financial discipline and financial sophistication.

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. Thanks to those who make the journal possible, especially the referees and contributing authors.

We would like to give a big thank you to Keir Educational Resources for sponsoring four issues of 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.

Stuart Michelson  
Editor *Financial Services Review*