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From the Editor

This issue contains **Issue 3 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 "Does It Pay to Realize Tax Losses at the Year-End?" is coauthored by Adam Y.C. Lei at Midwestern State University and Huihua Li at St. Cloud State University. In this article the authors examine the effects of realizing tax losses at the year-end on simulated stock portfolios. Their results show that the timing of portfolio formation, the cutoff that triggers the loss realization, the length of an investor's holding period, and the timing of the tax benefits, all affect the probability that the tax-loss strategy outperforms a simple buy-and-hold strategy. Their findings support the tax-loss strategy, but they also suggest that factors other than an investor's applicable tax rate affect the effectiveness of this strategy as well.

The second article "Financial Literacy of U.S. Households: Knowledge vs. Long-Term Financial Planning" is coauthored by Yasser Alhenawi at University of Evansville and Khaled Elkhal at University of Southern Indiana. The authors examine the relationship between financial knowledge and long-term financial planning behavior using survey responses from U.S. Their results show that surveyed households are financially knowledgeable, but exhibit poor financial planning skills. Their findings also show that the correlation between knowledge and financial planning is low, albeit positive. In order to promote financial literacy, the authors suggest that public policies strive to encourage financial education earlier, preferably during college.

The third article, "Should Personal Finance be the first Finance Course?" is coauthored by Jaclyn J. Beierlein and Margot Neverett both at East Carolina University. In this article the authors examine the effect of taking a college-level personal finance course on students' performance in a managerial finance course. The authors find that taking personal finance courses concurrently appears to significantly increase the likelihood of earning a higher grade in Financial Management, but that taking Personal Finance prior to managerial finance does not. They conclude that taking the courses concurrently may be beneficial because it increases the time spent on complementary material, while providing two perspectives on similar material, and increasng focus on finance.

The fourth article, "Characteristics and Performance of Real Return Funds" is by Amy F. Lipton at Saint Joseph's University and Richard J. Kish at Lehigh University. U.S. While Treasury Inflation-Protected Securities (TIPS) are the primary security in real return mutual funds, the authors focus on the question: Do real return mutual funds add value to a portfolio or are they just redundant securities? They find that while some real return funds do provide a return in excess of the rate of inflation, the absolute and risk-adjusted returns are rarely better than a TIPS Index. Additionally they find that few of these funds provide investors with positive alpha after controlling for either their benchmarks or macroeconomic and systematic factors.

The final article, "Individual Investors: Asset Allocation vs. Portfolio Insurance (Puts or Calls)" is coauthored by Ken Johnston at Berry College, John Hatem at Georgia Southern University and Elton Scott at Flagler College – Tallahassee. In this article the authors test if an individual can successfully use index options to partially replace fixed income securities in an individual's retirement portfolio. Put option insurance portfolios are created by selling fixed percentages of a stock index portfolio and using the proceeds to purchase index put options. Call option insurance portfolios are created by writing index options worth fixed percentages of a stock index portfolio and using the proceeds to purchase more of the stock index. The authors' results indicate that shifting asset allocation appears to be the better strategy when compared to the put option insurance portfolios. They find that overall the call option insurance portfolios returns are superior to the asset allocation portfolios. On a risk adjusted basis, the fixed percentage call option insurance portfolios outperform the asset allocation portfolios, when the asset allocation favors stocks.

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
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