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FINANCIAL SERVICES REVIEW

From the Editor

This issue contains Issue 2 of Volume 20 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 will more appropriately relate to financial planning issues.

The lead article is co-authored by Amy F. Lipton at Saint Joseph's University and Richard J. Kish at Lehigh University. The authors investigate the lack of disclosure and poor returns of life cycle funds. They construct simple benchmarks and find that funds largely underperform dynamic and static benchmarks across target dates on an absolute and risk-adjusted basis.

The second article is co-authored by Professor Ben Branch and Liping Qiu, both at the University of Massachusetts. The authors study the performance of fixed allocation and target date strategies using multiple bootstrapping windows. They find that the mean accumulations and annuity values rise with the stock allocation percentage. The authors find that contrary to the claims of target date funds, the probability that performance will be worse for a high fixed stock allocation is not only small, but any underperformance is likely to be relatively modest.

The third article is authored by Brian Boscaljon at Penn State Erie. On June 16, 2010 the SEC proposed new guidelines for Target Date Funds to follow regarding the explanation of glide paths. Dr. Boscoljon presents a model that determines a glide path for individuals and TDFs. At some point in time individuals with diminishing human capital are no longer primarily concerned with maximizing wealth, but rather, their primary goal is to obtain a target retirement wealth level to sustain a constant level of consumption during retirement. The author defines a critical wealth level that, combined with a retirement goal, provide a rational approach for reducing risky assets as an individual approaches retirement.

The fourth article is co-authored by Bruce A. Costa and Keith Jakob, both at the University of Montana. In this article the authors evaluate index suitability for mutual funds that specify the S&P500 as their performance benchmark. They calculate factor loadings for mutual funds and their benchmark index and measure deviations with respect to the risk factors in the model. Their results indicate that fine tuning of abnormal performance measurement can significantly alter inferences regarding the fund manager's contribution to mutual fund performance. Using this methodology, investors and academics can more accurately assess mutual fund manager performance relative to an appropriate benchmark, regardless of the target index selected by the management of the mutual fund.

The final article of this issue is coauthored by James A. DiLellio and Darrol J. Stanley, both at Pepperdine University. The author's examine the performance of pragmatic ETF-only investment strategies to determine if ETF-only strategies can outperform either the S&P 500 or more representative benchmarks. Their findings show that while a majority of strategies beat the S&P 500 and a representative benchmark, weak statistical outperformance persisted in a smaller fraction of the sample.

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