

From the Editor

1. Introduction

The third issue of Volume 17 contains an interesting collection of articles. The lead article by Stephen Horan and Thomas Robinson, both of the CFA Institute, develop a model to value annuities on an after-tax basis. They show that qualified and nonqualified annuities are equivalent to a tax-deferred account plus a cost basis tax shield. They further show that the after-tax value of an annuity decreases as the investment horizon increases, but is independent of the risk of the underlying investment.

The second article by Bill Reichenstein of Baylor University provides a comment on Horan and Robinson's article. Reichenstein notes that he agrees with Horan and Robinson on a number of issues, but disagrees about the risk appropriate discount rate and, therefore, after-tax value of assets held in taxable accounts and assets that earn tax-deferred returns. This article details his viewpoint on calculating the after-tax values of these assets and provides an interesting contrast to Horan and Robinson.

The third article by Christine McClatchey and Cris de la Torre of University of Northern Colorado provides a very timely discussion of the mortgage lending process. They present a procedure that borrowers or financial planners can utilize to accurately compare loan products. They also document many of the abuses borrowers must be aware of, including the widespread misuse of the yield spread premium. This article should be of interest to both academics and practitioners.

The fourth article by Cliff Mayfield, Grady Perdue, and Kevin Wooten, all of University Clear Lake, provides an interesting contrast to our typical article by taking a behavioral look at investing intentions. They examine several psychological antecedents to short-term and long-term investment intentions. They find that individuals who are more extraverted intend to engage in short-term investing, while those who are higher in neuroticism and/or risk aversion avoid this activity. Their findings have the potential to allow financial advisors to identify specific personality types, which will enable them to create education programs to address investors specific requirements.

The fifth article by Frederick Schadler and Brett Cotten of East Carolina University address investment screening tools provided by AAI. They analyze the effectiveness of the AAI tools and find that they overstate the effectiveness because the AAI analysis ignores

transactions costs and risk differences. The authors provide a number of useful recommendations for investors that apply AAI screens and utilize their model portfolios.

By the time you receive this issue, the October 2008 Academy of Financial Services Annual Meeting in Boston MA will be history. This was an exciting meeting because it was the first meeting held in conjunction with the Financial Planning Association Annual Meeting. The meeting was very successful. Our sessions were well attended, by both academics and practitioners. Once again, it was difficult to decide which session to attend because there were so many concurrent sessions that were interesting. Our thanks to FPA for their diligence in making the meeting successful and to David Lange, VP Program, and Grady Purdue, VP Annual Meeting, for coordinating our efforts. Mark your calendar for next year's meeting on October 9 and 10, 2009 in Anaheim.

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