

From the Editor

This issue contains Issue 4 of Volume 18 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 in this volume is by William Reichenstein (Baylor University). The author examines historical returns on four equity index annuity (EIA) contract designs and 13 contracts for 1957-2008, the period since the S&P 500 began. None of these contracts could match returns on one-month Treasury bills or produce competitive market-based returns. This research suggests that salesmen have not satisfied SEC requirements that they perform due diligence to ensure that the indexed annuity provides competitive returns before selling them to their clients.

The second article is by Danny M. Ervin (Salisbury University), Gregory K. Faulk (Belmont University), and Joseph C. Smolira (Belmont University). The authors use Monte Carlo simulation to evaluate the ability of various deposit percentages and asset allocation weights to support withdrawals in retirement that permit smoothed income over the life of an individual. The results indicate that, in general, individuals need to deposit at least 15 percent of pre-retirement salary for 30 or more years in a portfolio consisting of at least 50 percent equity to achieve a high success rate for portfolio withdrawals..

The third article is by Joseph Friedman (Temple University) and Herbert E Phillips (Temple University). The authors study the impact that private accounts would have on risk/return investment tradeoffs available to Social Security participants who save and invest on an ongoing basis outside the Social Security system. The authors show that the reduction in total diversifiable risk afforded by traditional Social Security accounts would be more than sufficient in many cases to compensate for the opportunity cost of opting-out of a privatization program. On the other hand, the risks would be proportionately higher for those with little or no private savings or investments outside the Social Security system. The authors conclude that privatization would lead to risks being borne by those who can least afford to do so, and would offer no significant advantage to others.

The fourth article is by Glenn N. Pettengill (Grand Valley State University), Susan M. Edwards (Grand Valley State University), and Frank T. Griggs (Grand Valley State University). The authors investigate whether individual investors can benefit by mimicking

investment choices of professionals as displayed in the *Wall Street Journal* Dartboard Contest. The authors examine a number of characteristics that have been shown to cause return differentials between securities along with momentum. They find that these characteristics do not explain the return differentials between the pros and the readers and, therefore, reject the proposition that individual investors can benefit by mimicking the momentum investing behaviors of the pros.

The final article in this issue is by Donald G. Ross (Macquarie University) and Lester Wills (Macquarie University). The authors develop a new scale to measure financial preparation for retirement that permits researchers to more easily compare their results across populations of interest. When the authors apply the scale to a representative sample of the Australian population they show that higher levels of FPR are better explained by income, years left to retirement, and education than the more commonly accepted factors of age and gender.

Planning is currently taking place for next year's Academy of Financial Services Annual Meeting in Denver on October 9 and 10, 2010. Further information on the meeting is provided on the last page of this journal. If you have any questions on the meeting, contact Brian Boscaljon at blb30@psu.edu. This meeting is, once again, taking place in conjunction with the Financial Planning Association and should be just as successful as our previous two meetings. I would also like to thank our meeting sponsors who are listed in this journal.

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*