

## From the Editor

This issue contains Issue 1 of Volume 19 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 by Patti J. Fisher at Virginia Tech. This study explores black-white differences in saving behavior. Her results indicate that black-white differences in saving are explained by racial differences in the individual determinants of saving, not by race in and of itself. The individual variables that significantly differ for black and white households in their effect on saving are receiving government assistance, feeling that credit use is bad, being turned down for credit in the past 5 years, and having a saving horizon of the next few years.

The second article is authored by Charles Sprenger with University of California, San Diego and Joanna Stavins with the Federal Reserve Bank of Boston. The authors explore the relationship between revolving behavior and patterns of payment use, such as substitution away from credit cards to other payment methods. They find that credit card revolvers are significantly more likely to use debit and less likely to use credit than convenience users. Their findings show that revolvers not only adopt, but also use, debit more frequently, as a means to control their spending and improve their financial planning.

The third article is by Francis E. Laatsch, University of Southern Mississippi, and Daniel P. Klein, Bowling Green State University. This paper offers a proposal tying defined contribution (DC) and 401(k) plans into Social Security reform. Many believe that the benefits of 401(k)s are disproportionately available to the wealthy and that 401(k)s do little to help lower income workers prepare for retirement. The author's recommendation generates increased retirement security for workers without imposing new taxes, has little or no transition costs, does not reduce revenues currently flowing to the U.S. Treasury, but does generate non-trivial reductions in Social Security costs.

The fourth article is by Wade D. Pfau with National Graduate Institute for Policy Studies (GRIPS). The author investigates the efficacy of the lifecycle investment strategy, which calls for switching into a more conservative investment portfolio as retirement approaches, as a suitable way to provide for the retirement needs of workers with defined-contribution pensions. The author determines that the lifecycle strategy can be justified even in a

framework including only financial wealth and that investors with very reasonable amounts of risk aversion may prefer the lifecycle approach

The final article of this issue is by Andrei Shynkevich at Kent State University. The author models withdrawals from a taxable account under a generalizable framework which accommodates for varying rates of return, changing tax rates, different time periods, flexible withdrawal amounts, inflation, cost basis, and level of capital gains annual distribution. His results have applications for research in financial planning when modeling of the withdrawal phase is incorporated into the analysis.

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*