

FA News[ShareThis](#)[| Print |](#)*October 12, 2009***FPA Announces Financial Frontier Award Winners**

Papers written about the role of time shares in the planning process and a different method to construct core portfolios won the Financial Frontier Awards for best research papers.

The winning authors, who were announced by the Financial Planning Association and Janus Capital Group, will read their papers Tuesday at FPA's national conference in Anaheim, Calif.

Top prize in the Techniques category went to "Purchase a Time-Share Interval or Rent Hotel Rooms? Preparing for a Discussion with Clients," a paper by Stephen Larson, an associate professor of finance at Ramapo College of New Jersey, and Robert Larson, who graduated from the Hamline University School of Law in May. The former is also a certified financial planner; the latter's research includes legal aspects of personal finance, estate planning for non-traditional couples and government contracts.

Their paper compares the pros and cons of time-share interval ownership with renting vacation units, including risks, cash flows and legal issues associated with each. Although this is a common discussion topic among planners and their clients, the FPA says this is the first formal literature on this subject presented to the financial planning community and provides advisors with a template to have time-share ownership discussions with their clients.

In the Concepts category, the winning paper was "Constructing Core Portfolios for Chaotic Markets," by Paul D. Tomasula Jr., the principal of Capital Planners, Inc., a chartered life underwriter and a chartered financial consultant in Hanover Park, Ill.

Tomasula proposes constructing portfolios using the full range of historical market movements. Typically, financial planning software based on Modern Portfolio Theory or Monte Carlo simulation groups the probabilities of market moves under the normal Gaussian distribution, or bell-shaped curve. In his paper, Tomasula recommends using software that uses the Cauchy-Lorentz distribution rather than the typical Gaussian distribution. He states that although planners may have to sacrifice their favorite theories on how markets move, constructing robust portfolios may be simpler than trying to understand the markets.

The annual Financial Frontier Awards are judged by FPA members picked by the organization's Journal of Financial Planning.

Comments

Please login to write comments.

[Login](#) | [Logout](#)