total monthly amount (excluding interest) which needs to be "saved" and comparing that amount to the difference between monthly disposable income and currently budgeted expenditures. If the amount to be "saved" is less than the current "surplus", goals are feasible. If not, either goal must be dropped or their timing delayed. Such an approach, while obvious, is both useful and uncommon in similar texts. Furthermore, excluding interest on the "savings" is probably appropriate here while it was not in retirement planning. In saving for short term goals, interest earnings are by definition less important. And, since such savings is not done within a tax favored framework, the chance of earning a substantial net real return is small.

Pension Planning by Everette T. Allen, Jr., Joseph T. Melone, Jerry S. Rosenbloom and Jack L. Van Derhei. Sixth Edition, (Richard D. Irwin, Inc., 1988), pp. 439.

Reviewer: Gerald D. Cook, Associate Professor: Accounting, Risk and Insurance, University of New Brunswick, Canada.

The complete title for this book is *Pension Planning: Pensions, Profit-Sharing, and Other Deferred Compensation Plans*. This is indicative of the scope of the topics being addressed in this very fine text. It is another excellent addition to The Irwin Series in Financial Planning and Insurance. The consulting editor is Jerry S. Rosenbloom. The three originating authors have been joined, for this sixth edition, by Dr. Jack L. Van Derhei of the Wharton School.

The dynamic nature of pensions planning poses a recurring difficulty for authors and publishers: keeping abreast of current legislation and regulations. As noted in the Preface, "this sixth edition reflects the myriad changes brought about by the Omnibus Budget Reconciliation Act of 1987, the Tax Reform Act of 1986 (TRA '86), the Consolidated Omnibus Budget Reconciliation of 1985 (COBRA), the Single Employer Pension Plan Amendments Act of 1986 (SEPPA), and the Age Discrimination in Employment Amendments of 1986. Moreover, other legislative and regulatory changes have been incorporated throughout the text."

Some major structural changes have been made in the sixth edition. New chapters have been added on Employers' Accounting for Pensions (chapter 10), Investment of Pension Plan Assets (chapter 11) and Investment Objectives (chapter 12). While adding these three new chapters, some previous chapters have been consolidated and others reordered to maintain a twenty-four chapter text.

The first seven chapters continue to provide a thoroughly solid background on the evolution, development, objectives, and basic features of private pension plans, concluding with the vital chapter on the impact of inflation on income from pension plans. The following five chapters cover the topics of cost and funding considerations and include the three new chapters devoted to accounting and pension plan investments. Eight chapters of Pension Planning are then devoted to a variety of specific pension plan vehicles: trust fund plans; annuities; profit sharing plans, thrift and savings plans, cash or deferred plans and employee stock ownership plans; individual retirement accounts; and tax-deferred annuities. All of these chapters are very well presented and provide an exemplary source of information. The remaining four chapters encompass pension plan installation, administration and disclosure; taxation of distributions in the form of pension benefits; pension plan termination; and executive retirement arrangements.

This reviewer is particularly pleased to see the inclusion of chapter 10 on Accounting for Pension Plans. For the first time, the Statements of the Financial Accounting Standards Board (FASB), and the Opinions of the Accounting Principles Board (APB) are contained in the same text. It is no longer necessary to seek out an authoritative accounting text to complement the lecture material on pension plans. The pronouncements of these two bodies continue to be highly influential, in both the United States and in Canada [through the Handbook Recommendations of the Canadian Institute of Chartered Accountants (CICA)]. These pronouncements cover reporting requirements for pension plan activities in published, audited annual reports. It is indeed timely that this topic be addressed and included in such a major pension reference text.

Whereas previous editions included only chapters on the basic types of funding instruments used by pension plans, the sixth edition has expanded this coverage by adding the two chapters (eleven and twelve) describing the management of pension plan assets. This provides for a more complete perspective and understanding of the realm of pension administration.

For the first time, the text provides both Questions for Review and Questions for Discussion at the end of each chapter. From an instructor's perspective this is a major enhancement, both for the students' review of the topical material in each chapter and for the benefit of participatory discussion in the classroom setting. This reviewer is appreciative of this addition. The Preface also notes that an Instructors Manual is available to accompany the text.

The sixth edition of Pension Planning is a virtual library of pension planning information. It is very readable, understandable and thoroughly referenced. The text is invaluable as a basic course text, supplementary major reference text for students and, undoubtedly, as a resource for practitioners.