recommend this text to those with some familiarity with medical vocabulary who are interested in the study of ethical questions.

Strategy for Personal Finance, by Larry R. Lang, (McGraw Hill, 1988), 594 pages.

Reviewer: Paul S. Marshall, School of Management, Widener University.

Strategy for Personal Finance is another in a long series of very low level texts aimed primarily at the 2-year college market for consumer economics and family management courses, as well as for continuing education or adult education programs. It is this reviewer's belief that there are far superior texts for University level introductory courses in personal financial planning and as reference books for readers of *The Journal of Risk and Insurance*. For both purposes, I recommend *Personal Financial Planning*, by G. Victor Hallman and Jerry S. Rosenbloom, also from McGraw-Hill.

Strategy for Personal Finance is perhaps a misnomer. In accepting the review assignment, I hoped that the title indicated the book would include a number of useful strategies in personal finance. I was sorely disappointed. The vast majority of Dr. Lang's "strategies" are either totally obvious or have dubious theoretical support. For example:

Tax Planning: "Claim all exemptions you are entitled to." (p.116)

Credit Management: "You can save money by selecting the credit option with the lowest finance rate." (p.139)

Insurance: "Decide which deductible is best for you by computing how long it takes for the lower premium to break-even with the added loss from the higher deductible." (p.289)

Insurance: "Retain risks where the dollar loss is limited. Generally, any loss of less than 25% of your cash reserve should be retained." (p.290)

Further, while the book does not contain a chapter on balancing your check book, it does have a full chapter on purchasing automobile and appliances, as well as part of a chapter on mobile homes as a housing option.

The author's financial analysis is also suspect. For example, for retirement planning, the author's goal (pp.531–34) is to calculate how much needs to be saved each period to provide a lifetime retirement income using tax deferred retirement accounts (401k, 403b, etc.). In his sample calculation (for a 27 year retirement savings horizon) he intentionally assumes away both a return on investment and inflation by claiming one will offset the other. This is clearly a very conservative approach! Even with a 2% real return, the future value of a savings annuity is almost 31% more than assuming no real return. Surprisingly the "strategy" that follows this analysis says, "To offset inflation, your retirement accounts need to earn a return of between 2 and 4 percent."

Did this reviewer find anything of value in *Strategy for personal Finance*? Fortunately, the answer is yes! The chapter entitled, "Developing Financial Goals and Integrating Them into Your Budget", discusses planning for short term goals. Dr. Lang's method of testing the feasibility of goals involves estimating the current cost and proposed timing of each goal, calculating the 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