Fundamentals of Employee Benefit Programs, Fourth edition, by Employee Benefit Research Institute (Employee Benefit Research Institute, 1990).

Reviewer: Joel W. Sailors, Professor Emeritus of Economics, University of Houston.

The first edition of *Fundamentals of Employee Benefit Programs* was published in 1983, the present edition is the fourth, which gives one an indication of the rapid changes that have occurred in the field that necessitated these updates. This edition covers all of the regulatory and tax law changes that have been instituted since the Tax Reform Act of 1986. Additionally, employers and employees are continuously assessing their benefit requirements during their working lives as well as retirement which also is a source of change.

The Employee Benefit Research Institute (EBRI), founded in 1978, began in 1979 to develop pamphlets describing the primary benefits offered by private employers that were written by those well-known in their particular area of benefits. These were very widely used for consumer education and employee education. The pamphlets were updated, expanded and compiled as a book in 1983. This first edition and subsequent ones were very popular as a comprehensive source for benefit information.

The material presented is designed as a "primer" but a very thorough primer. For instance, one of the charts in the book classifies employee benefits by tax treatment. There are forty categories, and each category is subdivided by whether the benefits are mandatory or voluntary; the latter category is subdivided even further according to specific tax treatment (i.e., fully taxable, tax exempt, tax deferred or tax preferred). The major benefits such as social security, retirement plans, etc. are well known to those that are not very familiar with benefits in general. However, they might be surprised that this tome covers topics such as cafeteria facilities, parking, flexible spending accounts, legal assistance and many other benefits as an illustration of the thoroughness of the coverage. The author emphasizes that the material is to be used only as an introduction to the complicated benefit plans actually encountered; the latter plans require the services of a professional to assess and/or to design.

Each of the forty-four chapters are designed to be completely independent which allows the reader to focus solely on the chapter of interest. In order to facilitate this independence, EBRI decided to define in each chapter all of the terms used. This is consistent with its purpose as a primer, because a "realistic" analysis would be much more complicated and require much more general knowledge than could be contained in such a short space.

The principal difference of the forth edition from its predecessors, other than updating and adding some limited material, is that this book is not confined to the private sector. As pointed out in the book, the public sector accounts for approximately fifteen percent of the employed labor force in the United States and so adding this sector makes the coverage complete. The addition serves another function in that it allows a comparison of employee benefit programs offered by the two sectors. This comparison, even though general, is not available elsewhere as far as this reviewer is aware.

For one who is unfamiliar with a specific topic concerning employee benefits, he/she could certainly not go wrong by first consulting this book. It provides a short, but authoritative, non-technical introductory exposition and bibliography from which one could continue to broaden his/her knowledge. As I take it, the above is the intention of EBRI in their publication series, and this book serves its purpose admirably.

One would not expect the bibliography to be exhaustive, which is the case; but the index is somewhat disappointing since it does not cover some minor benefits. Some of these minor benefits include discounts, parking, meals and rest periods, for example. Quibbles aside, the book is well-written, lucid and organized.

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An Economic Appraisal of Pension Tax Policy in the United States, Richard Ippolito (Irwin, 1990)

Reviewer: Greg Niehaus, Associate Professor of Insurance and Finance, College of Business Administration, University of South Carolina.

An Economic Appraisal of Pension Tax Policy in the United States is a well-written informative book on an important aspect of U.S. tax policy. The emphasis is on how pension tax policy affects individual and corporate decisions. For example, the influence of pension tax policy on consumption and savings choices, retirement decisions, the funding of corporate sponsored defined benefit pension plans, and the type of pension plans offered by corporations are all examined. The book provide both a positive analysis of how pension tax policy influences choices and also a normative analysis of how pension tax policy can be improved.

The central theme of the book is that tax policy should be neutral, i.e., pension policy should not distort individual or corporate decision making. Distortions are said to take place when individual savings decisions or retirement decisions differ from the decisions that would have been made in a world where consumption was taxed at the same rate irregardless of timing. Similarly, a neutral tax policy would not favor a defined contribution plan over a defined benefit plan or decrease corporate incentive to fund defined benefit plans.

For the most part, current pension tax policy is consistent with tax neutrality. Consumption during retirement that is financed through pension savings is taxed once. Further, assuming an individual's tax rate is the same before and after retirement, retirement consumption financed through a pension plan is taxed at the same rate as pre-retirement consumption. In contrast, retirement consumption that is financed from non-pension savings is taxed at a higher rate because it is taxed as income when it is earned and then the nominal returns on the savings are taxed as well. In other words,