Costs to Business for an HIV-Infected Worker, by Paul G. Farnham and Robin D. Gorsky

A Markov model is used to calculate the expected medical, disability, employee replacement, life insurance, and pension costs to a business firm for an employee infected with human immunodeficiency virus (HIV.) The results show that the maximum expected five-year cost to a business firm for an HIV-infected employee is estimated at $32,000, with an average cost of $17,000. These expected employment-based costs are less than the lifetime medical acquired immunodeficiency syndrome (AIDS) costs to society for an individual, which are estimated at more than $85,000. Employment-based costs are most influenced by the type of benefits provided under employer-based health insurance plans. The lower expected business costs result primarily because the probabilities of a worker's moving into any of the high-cost employment or health states are very small in the five-year decision-making time frame. *Inquiry,* Spring 1994, 31(1): 76-88. (Reprinted with permission of ABI/Inform, Copyright UMI.)

Participation in and Contributions to 401(k) Pension Plans: Evidence from Plan Data, by Leslie E. Papke (Michigan State University)

401(k) plans differ from traditional employer-sponsored pension plans in that employees are permitted to make voluntary pre-tax contributions. Hence, the sensitivity of participation and contributions to plan characteristics notably the employer matching rate may play a critical role in retirement saving. Using plan level data from Form 5500s filed annually with the Internal Revenue Service, I find that substantial increases occur when an employer moves from a zero to a small or moderately sized match; but that at higher match rates employee contributions fall. *The Journal of Human Resources*, Spring 1993, 30(2): 311-323. (Reprinted with permission of *The Journal of Human Resources.*)

Pension Funding

On the Influence of Pay-As-You-Go Financed Pension Systems on Saving: The Role of Stability, by K. Jaeger

Based on a traditional overlapping generations model without intergenerational altruism and with an exogenously given labor supply, it is shown that, contrary to opposite claims in the literature, neither the short-run nor the long-run effects of an increase in the contributions to a pay-as-you-go old-age security system on the aggregate saving ratio are unambiguously negative. Depending on the nature of the respective equilibria (Marshallian, Walrasian, with or without oscillations) the short-run and the long-run effect may be positive or negative. Exact conditions are specified under which these different effects occur. *Scottish Journal of Political Economy,* November 1994, 41(4), 358-71. (Reprinted with permission of the *Journal of Economic Literature.*)