the regressive nature of the contribution levying. *Journal of Public Economics*, September 1995, 58(1): 429–451. (Reprinted with permission of North-Holland Publishing Company.)

Do 401(k) Contributions Crowd Out Other Personal Saving? by James M. Poterba (Massachusetts Institute of Technology), Steven F. Venti (Dartmouth College), and David A. Wise (Harvard University)

During the late 1980s, contributions to 401(k) plans eclipsed contributions to Individual Retirement Accounts (IRAs) as the leading form of tax-deferred individual retirement saving in the United States. In this paper we describe patterns of participation in 401(k) plans, contrast these patterns with IRA participation, and evaluate the net impact of 401(k) contributions on personal saving. We find that 401(k) participation conditional on eligibility exceeds 60% at all income levels. In contrast, IRA participation at the height of that program rose sharply with income. We use two methods to evaluate the net saving effect of 401(k) contributions on personal saving: we compare the financial assets of families who are eligible for 401(k) saving with the assets of those who are not eligible, and we consider the change over time in the assets of like groups of savers. We find little evidence that 401(k) contributions substitute for other forms of personal saving, including IRA contributions. *Journal of Public Ecnomics*, September 1995, 58(1): 1–32. (Reprinted with permission of North-Holland Publishing Company.)

EMPLOYEE BENEFIT ISSUES

Voice Asymmetries in ERISA Litigation, by Mitchell Langbert (Dowling College)

ERISA's equitable remedies limit employees' access to the courts. The law fails to protect workers with short tenure and low wages—for example, female workers—because trial costs often exceed damages. In single-employer plans, unions improve access, but in multiemployer plans they do not. The reason is that in single-employer plans unions bargain at arm's length with plan sponsors while in multiemployer plans they do not. Plaintiffs' win rates are approximately 50 percent in single-employer union ERISA cases but are significantly below 50 percent in nonunion and multiemployer cases. *Journal of Labor Research*, Fall 1995, 16(4): 455–466. (Reprinted with permission of the *Journal of Labor Research.*)

Pension Coverage and Borrowing Constraints, by Michael A. Curme and William E. Even (Miami University)

Using data from the 1983 Survey of Consumer Finances and taking a measure of borrowing constraint status as an indication of a worker's discount rate, we find evidence that borrowing-constrained workers are less likely to be covered by a pension plan, and that the borrowing constraint effect is significant only for defined benefit plans. *The Journal of Human Resources*, Fall 1995, 30(4): 701–711. (Reprinted with permission of *The Journal of Human Resources*.)

Pension Funding with Time Delays and the Optimal Spread Period, by Steven Haberman (City University, London)

The paper extends earlier results by demonstrating that there is an optimal range of values for the period for amortizing valuation surpluses or deficiencies, in the case when there is a one-year time delay between fixing a contribution rate and the accounting information about current fund levels. The optimal range is compared for the cases where there is no time delay and there is a one-year time delay. *Astin Bulletin*, November 1995, 25(2): 177–187. (Reprinted with permission of the *Astin Bulletin*.)

The Distorting Effect of the Prudent-Man Laws on Institutional Equity Investments, by Diane Del Guercio (University of Oregon)

I examine the effect of prudent-man laws on the behavior of institutional investors. Variation in exposure to legal liability across types of investment managers allows me to disentangle the effect of the prudent-man laws from other potential influences on manager behavior. Bank managers significantly tilt the composition of their portfolios toward stocks that are viewed by the courts as prudent, while mutual fund managers do not. I show that differences in the direction that bank and mutual fund managers choose to tilt may explain their portfolio performance differences over time. *Journal of Financial Economics*, January 1996, 40(1): 31–62. (Reprinted with permission of North-Holland Publishing Company.)

INSURANCE REGULATION

A Theory of Risk, Return and Solvency, by Michael R. Powers (Temple University)

In recent years, state regulators and state and federal lawmakers in the United States have become increasingly concerned with issues involving both the price and solvency regulation of insurers. In this article, we develop a risk-theoretic framework for studying both rate of return and solvency issues. Employing a certain class of diffusion processes to model insurer net worth, we use the expected discounted cost of insolvency (EDCI), a generalization of the probability of ruin, in constructing the regulator's objective function. This objective function is then used to solve for the optimal rate of return and the optimal loss-to-net worth ratio. *Insurance: Mathematics and Economics*, October 1995, 17(2): 101–118. (Reprinted with permission of North-Holland Publishing Company.)