This book measures the progress that the United States has made in securing an adequate, affordable and sustainable income in retirement for older people, and explores some innovative ways of improving retirement outcomes. This is a highly complex and multi-faceted issue. The editors are to be congratulated on providing a volume that manages to provide a succinct but useful summary of the US system and its history, some recent innovations in plan design, and how other countries have dealt with similar challenges.

The first part of the book assesses the main areas of success and failure. Two chapters use different approaches to measure the extent to which US households are prepared for retirement. Both conclude that many US households will need to rely on continued work to sustain consumption past age 65. Yet, as a third chapter by Julia Coronado makes clear, the nature of retirement is already changing. Nearly half of household income in households headed by the 'young old' (those aged between 65 and 74) now comes from work, up 50% from twenty years ago. But many people - those in ill-health and those who are poorly-paid – find they cannot work longer even if they had planned to. In an excellent chapter, C. Eugene Steurle and others conclude that the retirement system of the US should develop along three lines. First, social security must become more progressive and focus on the poor. Second, longer working lives must be encouraged for those who are able. Finally, the private retirement system should be strengthened and expanded. But how?

The second part of the book is intended to answer this question, but feels, in some respects, more like a blast from the past than a look into the future. A big focus is on different ways of tinkering with DB or DC plan designs to share risk between stakeholders more fairly. But the overall effect – intentional? – is to illustrate the challenge that has frustrated just such innovations in pension design in the past: hybrid plans are often too complex for workers to understand, and for employers to manage. This complexity increases perceived, if not actual, risks. Surprisingly, no chapter in this section focuses directly on efficiency: how to get the existing, largely DC, system to work better and more cheaply. Other countries have created institutions to reduce the role of employers, control conflicts of interest and increase efficiency, and some efforts have been made in this regard in the US, too. But no mention of these here.

The final section of the book looks outside the US for answers. Lans Bovenberg and others present an objective look at Defined Ambition (DA) plans in a Dutch context. These plans resemble flexible DB plans, but have no plan sponsor to bear residual risks. Instead, DA plans share risks between different generations in ways that, as the authors make clear, require an advanced understanding of risk pricing to appreciate. Chapters on Switzerland, Australia and Singapore provide useful summaries of those pension systems. Implicit in the choice of countries seems to be the recognition that whatever the future in the US may look like, DC is here to stay. The Australian experience seems most relevant, given the ways in which the Australian retirement system was strengthened by the introduction of mandatory participation in the mid-1980's.

Overall, this volume is a very well-constructed survey of how far the US retirement system has come, and where it could go. Those looking for a broad and yet scholarly perspective on this issue should purchase it. Having read it, one is left awestruck at the scale of the challenge. This is doubtless exactly what the editors intended.

DAVID MCCARTHY
University of Georgia