

opportunity for effective retirement plan strategic management. Finally, given its thoroughness and logic, Cassidy's book is a "must read"/refresher course for retirement plan actuaries and consultants. I eagerly await the second edition.

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*A Quarter Century of Pension Reform in Latin America and the Caribbean: Lessons Learned and Next Steps.* Edited by Carolin A. Crabbe. Inter-American Development Bank, 2005, ISBN 1-59782-020-2, 416 pages. doi:10.1017/S1474747207002880

This book reviews the experiences and lessons learned from ten countries in Latin America and the Caribbean that undertook recent pension reforms, from the point of view of policymakers, the pension industry, and regulators. It includes case studies of Chile, Argentina, and Mexico, all of which undertook structural reforms, changing from pay-as-you-go systems to privately-managed individual funded accounts. It also analyzes the case of Brazil, where a parametric reform was implemented that strengthened the pay-as-you-go system and developed voluntary supplementary savings.

Lessons for strengthening pension reforms are drawn from the various chapters. They include the need to: improve competition to reduce commissions charged by fund administrators; increase coverage of growing informal and self-employed workers; develop annuity products that will insure against the risk of outliving or over-consuming assets after retirement; better estimate the fiscal costs associated with the existing Social Security system and the new private pillar of the reformed system; modify the investment framework towards greater flexibility and risk-based-supervision; diversify investments; and reduce country risk.

An important contribution is that authors not only examine pension system design, but they also recognize labor force informality and the need to introduce incentives to attract informal groups into the system. A related issue has to do with the lack of mandatory contributions for self-employed workers in many cases, and the need to explore who is employed versus self-employed, in view of the low levels of voluntary enrollment from the latter group. Emphasis is also placed on the fact that most programs include a first-pillar focused on income adequacy for the elderly, yet many low income groups seldom contribute to the system. Therefore policymakers must think of integral pension systems including well-planned safety nets.

The book presents a wide range of solutions to pension problems in Latin America and the Caribbean. It is very valuable both for scholars and policymakers in countries planning to introduce pension reforms. However there is a need to concentrate on analyzing the factors that determine why so many self-employed workers do not contribute to the pension system. In addition more work is needed on firms' decisions to be in or out of the formal sector, so as to inform policymakers on the proper incentives to increase coverage and reduce the need for a safety net.

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