countries. These reforms that led to the rise of funded "second" and "third" pillar pension schemes in retirement income provision have increased the exposure of individuals to a number of risks, including adequacy, longevity and market risks. The book shows that among the countries examined, there are large differences in funded pension schemes and in government interventions to mitigate the risks that individuals face in these schemes. For example, in Australia the second pillar defined-contribution scheme, known as the Superannuation Guarantee, is compulsory with required minimum employer contributions, whereas the UK workplace private pensions are semi-compulsory with auto-enrolment and in Germany private pensions are voluntary with large state subsidies. To minimize costs and charges, in Sweden, the Netherlands and Canada, pension administration is separated from fund management, but in Australia where vertical integration is permitted the requirement is to have trustees with a high standard of expertise and a duty to demonstrate value for money. At retirement, some countries require full annuitization of private pension savings (Sweden, Canada, Germany), while other countries do not impose such requirement (Australia and now the United Kingdom). As a result, lump-sum withdrawals are popular and demand for annuities is low among Australian retirees.

The book concludes by reiterating the critical dual role of the government as both the regulator of any new retirement-saving system with increased private retirement income and as the provider of basic pay-as-you-go state pensions. Drawing on lessons from international pension reform examples, the editors argue that the government needs to deliver effective regulation that promotes strong governance and economies of scale to ensure that best quality, low-cost pension products are being provided for both savers and retirees. In relation to this objective, their final words criticize the current regulation and policy setting around retirement income products in the United Kingdom as being inadequate to drive value for money for all savers in the defined-contribution workplace pension market.

To conclude, this short book is unlikely to make the reader a pension expert but it provides a great starting point for understanding the challenges that countries face when reforming their systems towards sustainable (pre-funded) pensions. I found the book enjoyable and interesting to read and would strongly recommend it to JPEF readers.

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Pensions at a Glance: Latin America and the Caribbean. OECD, IDB and The World Bank. OECD Publishing, 2014, ISBN 978-92-64-22496-4, 176 pages.
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The developing world is aging fast. *Pensions at a Glance: Latin America and the Caribbean*, an OECD publication, reports that old-age support ratios in Latin America will catch up to OECD countries' by 2050. Most countries in the region are expected to have converged to OECD levels of fertility by 2035, despite very different current levels. Life-expectancy is also increasing rapidly through most of the continent, with notable exceptions such as Bolivia and Paraguay.

Despite their growing demographic similarities to aging OECD economies, countries in Latin America and the Caribbean face very specific challenges, which the pension policy debate has only recently started addressing. As longitudinal data on employment histories have been collected throughout the region, it has become clear that most South and Central Americans contribute intermittently or even sporadically to national pension schemes, and fail to accumulate significant rights to contributory pension benefits over their work lives. As documented in this OECD publication, the fraction of contributing workers, which mirrors the high rates of informal employment, varies considerably across the subcontinent but has remained stubbornly stagnant through decades of economic growth.

This implies that simply importing pension designs from established programs in more developed economies is not enough, and it places Latin America at a policy frontier in which original solutions must be conceived. Why individuals don't contribute more is largely is a largely unresolved question. Are returns on pension contributions too low, the fees too high, the funds too illiquid? Is it lack of trust in the system due to the risk of governments siphoning accumulated pension assets or reducing benefits when they run into fiscal troubles, or are individuals too myopic or uninformed about pension rules? Or else is it simply a lack of formal job opportunities in the economy? Solving this puzzle is understandably beyond the scope of this publication, which instead focuses on providing useful indicators that can guide researchers and policy makers in designing sound pension programs within a context of low active pension coverage.

In particular the "Coverage and adequacy" chapter provides an excellent overview of coverage rates in the region, and shows how the replacement rates offered by each country vary with the fraction of working years in which a pensioner contributed before retiring. Many LAC countries offer higher replacement rates than their OECD counterparts, despite the fact that the elderly exhibit high levels of co-residence and lower poverty rates than the general population. However these generous benefits are only collected by the small fraction of workers who are continuously employed in formal work. For example Argentinians with more than thirty years of contributions can expect eighty per cent replacement rates (the average French worker gets a sixty per cent replacement rate, and his Briton neighbor forty per cent). A much smaller old-age pension (less than twenty per cent of the average wage) is available with only ten years of contributions.

On the dimension of redistribution, the continent is divided between countries in which the replacement rate is constant or close to constant across wage rates (Ecuador, Nicaragua, Panama, Paraguay, Colombia, the Dominican Republic) and countries that operate a more progressive scheme, sometimes achieved through targeted non-contributory pensions, as is the case in Chile.

The second part of the publication is devoted to country profiles which provide a detailed institutional description of each pension scheme and simulate pension benefits, as a function of past wages, using the OECD's pension models. Useful as this is the section does not really draw the lessons from the discussion of coverage in the earlier chapters, since the simulated replacement rates assume the kind of complete contribution histories that men in developed countries typically achieve. As discussed earlier, this would be the case of a small minority of workers in many LAC countries. A more informative exercise would combine projections on the distribution of salaries and contribution densities with pension benefit rules to infer what distribution of replacement rates each system may realistically achieve.

One of the benefits of the type of overview provided by this book is to give a broad sense of the huge institutional heterogeneity present in the region, including in public spending levels: Mexico's government spends one point four per cent of GDP on pensions compared to Argentina's six point four per cent. This heterogeneity could reflect differences in each country's labor market context, fiscal resources, or preferences regarding how much to redistribute. The juxtapositions created by this book's comprehensive overview suggest, however, that a number of programs have simply not adjusted to the new evidence on labor markets in LAC. High rates of informality are likely to persist for the foreseeable future, but these programs are still designed with a minority of their citizens in mind.

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