



## Weekly Clips, Friday January 15, 2016

Texas Pension Review Board

P.O. Box 13498 Austin, TX 78711-3498

[www.prb.state.tx.us](http://www.prb.state.tx.us)

## **PRB PLANS**

### **Texas teachers' fund replaces London head**

January 13, 2016, By Dawn Lim and Becky Pritchard

The \$132 billion state pension named Allen MacDonell to head the London office as a managing director, a spokesman said. Vaughn Brock, previously director of special projects, left the pension fund in January after setting up the office.

Texas Teacher's London expansion is part of a push to forge deeper ties with European managers, and win more attractive deals and co-investments. The Austin, Texas-based pension fund is trying to be more proactive, out of concern that more aggressive sovereign wealth funds are edging it out of the best private equity deals.

[Financial News](#)

## **TEXAS ECONOMIC INDICATORS**

### **Manufacturing helps Texas economy grow at 'modest' pace**

January 13, 2016, By Staff - American-Statesman staff

Despite struggles in the energy sector, a strong performance in manufacturing is helping keep the Texas economy moving, according to a new report from the Federal Reserve Bank of Dallas.

In its chapter of the Beige Book released Tuesday, an anecdotal survey of the economy compiled by the Federal Reserve banks, the Dallas Fed said the economy in its district grew at a ~~modest~~modest+pace over the past six weeks.

[Austin American-Statesman](#)

### **Texas finds roughly half of its mobile application-related jobs in DFW**

Jan 13, 2016, By Danielle Abril

Dallas-Fort Worth is responsible for almost half the workforce in the state's mobile application space, according to a recent study.

The Progressive Policy Institute based in Washington, D.C., reported that the DFW region comprised 44 percent of the states workforce within the space in the month of December. The data includes development jobs as well as jobs that are indirectly related to the mobile app economy.

[Dallas Business Journal](#)

# **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

## **International advisers call for pension transfer rules review**

January 13, 2016, By Carmen Reichman

Advisers are concerned about the cost involved in pension transfers under new rules as well as liability.

Under rules introduced as part of the government's pension reforms in April, UK final salary pension transfers must receive 'appropriate independent advice' from someone who is authorised by the UK Financial Conduct Authority (FCA) to carry out pension transfer business.

This means expats who have an adviser abroad and want to transfer their final salary pot to the country they live in, need to seek additional advice in the UK to be able to do so.

### **Professional Adviser**

## **State Street settles with SEC on custody pay-to-play allegations**

January 14, 2016, By Hazel Bradford

State Street Bank and Trust Co. will pay \$12 million to settle charges of a pay-to-play scheme to win contracts with four Ohio public pension funds, the Securities and Exchange Commission announced Thursday.

According to the SEC order, Vincent DeBaggis, the former senior vice president who headed the public funds group, had agreements in 2010 and 2011 with Ohio's then-Deputy Treasurer Amer Ahmad to make illicit cash payments and political campaign contributions in exchange for State Street receiving three subcustodian contracts for four pension funds: the \$75 billion Ohio State Teachers' Retirement System, \$90 billion Ohio Public Employees Retirement System, \$14 billion Ohio Police & Fire Pension Fund and \$12 billion Ohio School Employees Retirement System, all based in Columbus.

### **Pensions & Investments**

## **The Tougher U.S. Pension Rules in Puerto Rico's Rescue Plan**

January 7, 2016, by Liz Farmer

Congress might choose to extend unprecedented federal authority over state and local pensions. An effort to impose new reporting requirements, if approved, would ultimately cast the financial status of state and local pensions in a much more dire light.

The proposed requirements were included as part of a financial assistance bill introduced last month to address Puerto Rico's debt crisis, but they would also apply to states and localities throughout the United States.

The legislation, sponsored by Orrin Hatch, a Utah Republican who chairs the Senate Finance Committee, would make state and local pension plans file annual reports with the U.S. Treasury Department. The new filings would have to include an alternative valuation detailing how well-funded the plan is. In nearly every case, that would mean a lower valuation.

### **Governing**

# **NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

## **Defined benefit plans earn higher returns than defined contribution plans**

January 8, 2016, By Alicia H. Munnell

Pension coverage in the private sector has shifted from defined benefit plans where professionals make investment decisions to 401(k) plans where participants are responsible for their own investment strategy. The supposition is that individuals are not very good at investing their own money and face high fees. The question is whether this supposition is borne out by the facts. That is, are returns on defined contribution plans markedly lower than those on traditional defined benefit plans?

A new study compares the returns from private sector defined benefit and defined contribution plans over the period 1990-2012. It uses data from the Department of Labor (DOL) Form 5500. It also compares returns on IRAs, based on data from the Investment Company Institute, to those on employer sponsored plans from 2000-2012.

### **Market Watch**

## **Pensions, Mutual Funds Turn Back to Cash**

January 10, 2016, By Timothy W. Martin and Sarah Krouse

U.S. public pension plans and mutual funds are sheltering more of their holdings in cash than they have in years, a sign of growing stress in financial markets.

The ultradefensive stance reflects investors' skittishness about global economic growth and uncertain prospects for further gains in assets. Pension funds have the added need to cut more checks as Americans retire in greater numbers, while mutual funds want cash to cover the risk that investors spooked by volatile markets will pull out more of their money.

Large public retirement systems and open-end U.S. mutual funds have yanked nearly \$200 billion from the market since mid-2014, according to a Wall Street Journal analysis of the most recent data available from Wilshire Trust Universe Comparison Service, Morningstar Inc. and the federal government.

### **The Wall Street Journal**

## **Christie rips pension proposal**

January 12, 2016, By Salvador Rizzo

A Democratic proposal to amend the state constitution and send billions of dollars to New Jersey's pension system drew a fierce rebuke from Governor Christie during his annual state of the state address.

Halfway through his speech in the ornate Assembly chamber, Christie grew animated as he listed the parade of horrors that he said would befall New Jersey if voters approved the amendment in November.

The amendment's built-in cost would swallow up funds for schools and hospitals or disabled and needy residents, Christie said. Criminals might leave prison early because of cutbacks in the justice system. Funding for road repairs or for agencies that protect children from hunger and abuse might dry up.

## [NewJersey.com](http://NewJersey.com)

### **Pew study: Retirement savings access varies by state**

January 13, 2016, By Hazel Bradford

Access to and participation in employer-based retirement plans varies widely among states, researchers at The Pew Charitable Trusts said in a report released Wednesday.

Pew's analysis, based on the Census Bureau's Current Population Survey, found that 58% of private-sector workers have access to a plan and 49% participate in one. More than 30 million full-time private-sector workers ages 18 to 64 do not have access to an employer-based retirement plan.

Pew researchers found state-by-state variations by employer size and industry, as well as workers' income, age, education, race and ethnicity. In Wisconsin, 61% of workers have access to an employer-based retirement savings plan, while only 38% do in Florida. Access and participation is higher in the Midwest, New England and parts of the Pacific Northwest, and lower in the South and West.

## [Pensions & Investments](#)

### **U.S. Stocks Sell Off Amid a World-Wide Rout**

January 15, 2016, By Riva Gold

U.S. stocks slid and the 10-year Treasury yield dipped below 2% as steep declines in oil prices and Chinese equities heightened anxieties that have pushed markets around the world lower this year.

The Dow Jones Industrial Average tumbled 2% to 16044 and the S&P 500 fell 2% in opening trade. The Nasdaq Composite dropped 3%.

The Stoxx Europe 600 dropped 3.2%, dragged lower by energy and mining firms as Brent crude oil fell below \$30 a barrel.

Asian stocks closed lower, with China's Shanghai Composite Index falling 3.6% to enter bear-market territory, having lost 20% from a high in late December.

U.S. government bonds gained, as investors moved into assets perceived as safe. The 10-year Treasury yield fell to 2.003% from 2.100% on Thursday. Yields fall as prices rise.

## [The Wall Street Journal](#)

# **WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

### **South African Unions Object to Changes to Pension Fund Taxes**

January 13, 2016, By Paul Vecchiatto

South Africa's adoption of new tax laws that seek to discourage workers from cashing in their pension funds when they resign or retire has pitted the government against its labor union allies.

The legislation will standardize the tax treatment of all retirement funds, limiting tax-free withdrawals. President Jacob Zuma has signed off on the changes, which will come into effect on March 1, the National Treasury said in a statement on its website on Wednesday.

The government has taken upon itself how workers should spend their savings or pensions, which are deferred salaries, and this is unacceptable, Sizwe Pamla, a spokesman for the Congress of South African Trade Unions, said by phone. Most workers depend on a lump sum tax-free payout if they leave employment, especially those that get retrenched, to pay off debts such as housing loans.

## [Bloomberg](#)

### **China Coal Imports Crash as Economy Slows Amid Clean Power Shift**

January 12, 2016, By Bloomberg News

China's coal imports fell the most on record to the lowest in four years as a slowing economy and government efforts to curb pollution damped demand.

Overseas shipments into the world's largest energy consumer declined about 30 percent to 204.06 million metric tons last year, the least since 2011, according to preliminary data released by the Beijing-based General Administration of Customs on Wednesday. The contraction was the largest since 2004, when Bloomberg started tracking the data. Imports in December rose a second month to 17.6 million tons.

Coal demand in China has slid as its economy slows and shifts toward consumer-led growth while the government seeks to cut industrial overcapacity and curb pollution. The world's biggest producer of carbon emissions is also trying to cut the use of coal as smog has blanketed cities from Shanghai to Beijing, forcing factories and schools to close and intensifying social unrest.

## [Bloomberg](#)

### **Tsipras risks pension reform**

January 13, 2016, by Jannis Papadimitriou

The retirement pension system in Greece is considered one of the most expensive in Europe. Politicians in Athens have been debating a reform since the 1990s . and then they distance themselves from the proposed measures, or they implement tiny reforms instead of large ones.

Whereas in the early 1980s four employees would have had to pay for one pensioner, now they finance three retirees. The general retirement age in Greece was, in any case, increased to 67 years after the outbreak of the debt crisis . but only for those who entered the labor market after 1993.

But apparently that's not enough. "The reform of the retirement pension is a neverending discussion in Greek society, but powerful interest groups always were able to block a comprehensive pension reform, so that they could continue to profit from cheaper conditions and from state direct financing of their social security insurances," said Dimitris Sotiropoulos, associate professor of political science at the University of Athens.

## [Deutsche Welle](#)

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