



11.21.2015 through 12.4.2015

## Weekly Clips

### **PRB PLANS**

#### **Governor Abbott Names Chair And Appoints Three To State Pension Review Board**

November 30, 2015, PRESS RELEASE

Governor Greg Abbott has appointed Josh McGee of Houston, Stephanie Leibe of Austin and Ernest Richards of Irving to the State Pension Review Board for terms set to expire January 31, 2021. The governor additionally named Josh McGee presiding officer. The Board reviews all Texas public retirement systems, both state and local, for actuarial soundness and compliance with state law.

[Office of the Governor](#)

#### **Spike in Dallas Fire-Rescue departures fueled by pension, pay worries**

November 22, 2015, TRISTAN HALLMAN

Brian Crawford noticed something curious during his two-year stint as chief of Plano Fire-Rescue: Lots of Dallas firefighters wanted to work in his city.

Crawford, who hired a few of them before he left this year to become Shreveport's city manager, said plenty of firefighters want to work in Plano. And Plano officials liked being able to hire trained firefighters and put them on trucks quickly. But the experience level of the Dallas applicants struck Crawford as odd.

"Normally, it might be firefighters with one or two years," he said. "But the last group, we had a couple of guys who had actually been in Dallas for a good long while. After five, six, seven years, normally you wouldn't leave a department where you have that much seniority and that much vested."

Crawford said he heard the Dallas firefighters were worried about their pensions. And firefighter group leaders share that worry, saying pension troubles and comparatively low pay have made Dallas Fire-Rescue just another rung on the career ladder for some.

[Dallas Morning News](#)

#### **Gaines Leaders Approve \$2.9M Buy Down of TCDRS for FY 2016**

November 23, 2015

Gaines County Commissioners approved of a buy-down payment of \$2.94 million to the **Texas County and District Retirement System** for the county's fiscal year, in action addressed in the Court's regular semi-monthly meeting held Monday morning at the Gaines County Courthouse.

The buy-down, according to Gaines County Treasurer Michael Lord and Gaines County Auditor Rick Dollahan, will see Gaines County's portion of payment for retirement benefits drop from an estimated 10.28-percent to 6.22-percent for the fiscal year.

“With an \$8 million payroll, this will save the county a significant amount of money,” said Dollahan in Monday’s Commissioners Court meeting.

[Seminole Sentinel](#)

### **Fort Worth Employees terminates 2 managers**

November 25, 2015, MEAGHAN KILROY

Fort Worth (Texas) Employees’ Retirement Fund terminated two managers, said Joelle Mevi, executive director and chief investment officer, in an e-mail.

The \$2 billion pension fund terminated Energy Opportunities Capital Management from a \$19.6 million public equity strategy that falls under its real-return portfolio. Assets will be reallocated among existing commodity and master limited partnership managers in the real-return portfolio.

Also, the pension fund is redeeming its \$16.5 million investment in Perry Partners, a multistrategy hedge fund managed by Perry Capital. Proceeds will be used to help fund the pension fund’s ongoing cash needs. Perry Capital and Energy Opportunities officials were not immediately available for comment.

Ms. Mevi did not provide additional information by press time.

[Pensions & Investments](#)

**THIS IS THE ENTIRE ARTICLE**

### **Rawlings: Taxpayers shouldn't have to bail out imperiled Dallas police, fire pension fund**

November 28, 2015, ROBERT WILONSKY

On Wednesday the Dallas City Council will finally have a nice, long — probably *very long*— talk about the broken-to-the-point-of-almost-being-broke Dallas Police and Fire Pension System.

You know the one — has about \$3 billion worth of assets, carries about \$1 billion in unfunded liability, owns Museum Tower, run for two decades an administrator who was finally ousted last year after years of lousy real estate investments, is currently in danger of running out of money come 2030, blamed for lowering Dallas’ bond ratings in recent weeks. Right. That one.

City officials say they’re working with the pension system board to fix the mess — likely, they say, by upping rescue workers’ contributions and/or lowering their benefits and most definitely getting the state Legislature involved. Lee Kleinman, vice chairman of the Dallas Police and Fire Pension Fund, knows that’ll be a fight. But, he says, it has to be done.

“The mayor has made it clear it will be very hard for us to have the taxpayers kick in the money for this,” says the council member.

[Dallas Morning News](#)

### **5 THINGS YOU SHOULD KNOW ABOUT DALLAS' PENSION CRISIS**

December 1, 2015, STEPHEN YOUNG

The biggest problem facing the city of Dallas isn’t Tony Romo’s left clavicle. It’s not the Trinity toll road. It might not even be, despite a compelling case that can be made for it, the city’s crumbling infrastructure. The biggest problem facing the city is a massive looming shortfall in its pension fund for police and firefighters. No matter how one looks at the numbers, the city is going to owe retirees a lot of money it doesn’t have. According to the Dallas Police and Fire Pension System board, the city is about \$1 billion behind in the fight to fulfill its pension

obligations. Under new accounting rules established by the Governmental Accounting Standards Board set to go into effect this year, the liability would be calculated at about \$5 billion. Either way, Dallas faces a crisis. Cities with large, unfunded pension obligations, such as Chicago or Detroit, have faced having their bonds downgraded to junk status. Dallas is in far better shape than either of those cities, but it nevertheless saw its bond rating downgraded by both Standard and Poor's and Moody's.

[Dallas Observer](#)

### **Dallas Police and Fire Pension System investigating former top officials**

December 2, 2015, ROBERT WILONSKY

Former top officials of the troubled Dallas Police and Fire Pension System are now being pursued by attorneys intent both on recovering lost funds and determining what went so wrong with the \$3 billion fund.

Meanwhile, city and pension fund officials are trying to figure out how to fix a system that is carrying billions of dollars in unfunded liabilities and needs cash now, according to a major briefing before the Dallas City Council today.

[Dallas Morning News](#)

### **Dallas Police and Fire Pension System severely wounded, not dead**

December 3, 2015, STEPHEN YOUNG

The Dallas Police and Fire Pension system is in bad shape, really bad shape. So bad, in fact, that it has affected the city's bond rating, with both Moody's and Standard and Poor's bumping the city's creditworthiness down one notch in recent months. It isn't hopeless, though, and changes are being made to ensure it stays afloat, the fund's Executive Director Kelly Gottschalk told the City Council on Wednesday.

In the century or so the city of Dallas has had pensions for its uniformed employees, that retirement program has become one of the primary recruiting tools for the police and fire departments. Working in Dallas might be hard, and starting salaries might be low, but the city had one of the most lucrative and comprehensive benefits programs in the country for retirees. Through the Deferred Retirement Option Plan (DROP) it was even possible for cops to become millionaires. But, sustaining benefits that large requires consistent, high revenue from the plan's investments, and over the last 20 years, that didn't happen. Under the leadership of the plan's former executive director, Richard Tettamant, the fund made many high-risk investments chasing high returns. A bunch of them were in real estate — Gottschalk described vacant land being purchased in areas with "lots of vacant land" — that the fund is now stuck with, unable to unload without taking a huge loss.

[Dallas Observer](#)

# TEXAS ECONOMIC INDICATORS

## **Eagle Ford falters but Texas employment holds steady**

November 26, 2015, Express-News Editorial Board

The bad news keeps piling up for the Eagle Ford Shale, where production is expected to dip again in December. That would be the ninth straight month of declines since the oil boom went bust. Oil prices were \$100 a barrel last summer but are now trading around \$40 a barrel.

As price and production have plummeted, the industry has hemorrhaged jobs, surpassing expectations. Initially, the Texas Alliance of Energy Producers had forecast 40,000 to 50,000 oil and gas jobs would be lost during this downturn. But that projection has been revised upward to 56,000.

Despite these troubling numbers, Texas' unemployment rate has held steady at a healthy 4.4 percent, at least through October. Unemployment in urban economies has been particularly low: 3.3 percent in Austin, 3.7 percent in San Antonio, 3.9 percent in Dallas and 4.6 percent in oil-centric Houston.

[Mysanantonio.com](http://Mysanantonio.com)

## **Shale oil production in Bakken, Eagle Ford remained flat in October**

November 30, 2015, Penn Energy Editorial Staff

Oil production from key shale formations in North Dakota and Texas remained relatively flat in October versus September, according to Platts Bentek, an analytics and forecasting unit of Platts, a leading global provider of energy, petrochemicals, metals and agriculture information.

Oil production from the Eagle Ford shale basin in Texas continued flat streak in October, increasing only 6000 barrels per day (b/d), or less than 1%, versus the previous month, the latest analysis showed. The Eagle Ford basin demonstrated production growth, albeit minimal, for the fourth consecutive month. Similarly, crude oil production in the Northeast Dakota section of the Bakken shale oil formation of the Williston Basin grew less than 1% month-on-month in October, marking a second flat month of production, following a period of slight decline during the summer.

[Penn Energy](http://Penn Energy)

## **Greg Abbott lands in Cuba for a whirlwind visit to promote Texas trade**

November 30, 2015, JONATHAN TILOVE

Gov. Greg Abbott landed in Havana on Monday afternoon leading a business development mission of two-dozen Texans looking to reintroduce Texas agricultural products to a growing Cuban market.

Abbott's entourage of 26, including himself and first lady Cecilia Abbott, was made up of members of the governor's staff and economic development team and representatives of economic interests with a stake in increased trade with and travel to Cuba, including officials from the ports of Houston, Beaumont and Corpus Christi and Houston's airports.

Abbott is the second governor to travel to the communist island nation since President Barack Obama's new policy of rapprochement by executive action led to the reopening of the American embassy in Havana over the summer.

[Austin American Statesman](http://Austin American Statesman)

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

## **Many unhappy returns, Pension funds and endowments are too optimistic**

November 21, 2015

When final-salary pension schemes, which are still prevalent among America's public-sector employees, decide how much to put aside to pay pensions, they have to make an assumption about what returns they will earn. The higher their estimate, the less employers have to contribute today. Similarly, endowments have to estimate their future returns to determine how much to spend each year: pay out too much and their funds will dwindle away.

The average American state or local-government pension fund assumes it will earn a nominal (ie, not accounting for inflation) annual return of 7.69% in future, according to the National Association of State Retirement Administrators (NASRA). Based on past performance, that seems reasonable. Over the past five years the median pension fund has earned an annualised return of 9.5%; over the past 25 years, the return has been 8.5%. College endowments use very similar assumptions: they target a return of 7.4%, on average, according to a survey from the National Association of College and University Business Officers (NACUBO) and Commonfund, an asset manager. Again, this jibes with the average annual return in 2005-14, of 7.1%.

[The Economist](#)

## **Weak market hits New Mexico pension funds**

November 21, 2015, SUSAN MONTOYA PRYAN

The two retirement systems that cover tens of thousands of state and local government workers in New Mexico are facing more than \$11 billion in unfunded liability, according to a legislative analysis.

Staff with the Legislative Finance Committee said this week that the gap between projected funds available and what's needed for current and future retirees could grow if fund managers fail to earn a certain return on investments over the next decade.

They warned that the Legislature will need to look at benefit changes or higher contributions if the fund gap persists, but officials with the Public Employee Retirement Association and the Educational Retirement Board are more hopeful about the future given reforms signed into law in 2013 and 2014.

[Albuquerque Journal](#)

## **City pension funds clean up books as they ready for investments**

November 22, 2015, ROBERT SNELL

Detroit's two multibillion-dollar pension funds for city workers are poised to invest money for the first time since the city emerged from bankruptcy and a public corruption scandal cost retirees more than \$97 million.

The funds control \$5 billion in assets and are at a pivotal moment to pick new investments designed to reap returns for more than 25,000 retirees, active workers and beneficiaries reeling from pension and benefit cuts that helped Detroit exit the largest municipal bankruptcy in U.S. history almost one year ago.

The pending investments follow a lengthy review of the funds' investment portfolios and changes made in asset allocation.

The post-bankruptcy landscape includes pension fund babysitters and new investment rules aimed at preventing the sort of bribery and kickback scandals that saw five former pension officials and businesspeople convicted of federal crimes this fall.

[Crains Detroit](#)

### **CalSTRS, CalPERS okay risk reduction**

November 23, 2015, ED MENDEL

CalPERS and CalSTRS both adopted plans this month to reduce the risk of major pension investment losses, a small step back for pension systems once required to keep all of their money in stable and predictable bonds.

A voter-approved measure in 1966 allowed public pension funds to invest up to 25 percent of their assets in blue-chip stocks. In 1984 voters approved another measure allowing all of the pension funds to be invested in anything deemed prudent.

With diversified portfolios mainly in stocks and other higher-yielding investments, the two big pension funds had little loss protection during the recent deep recession and stock market crash.

The California Public Employees Retirement System lost \$100 billion, a plunge from \$260 billion in fall 2007 to \$160 billion in March 2009. The California State Teachers Retirement System lost \$68 billion, a drop from \$180 billion to \$112 billion.

[Capitol Weekly](#)

### **UPDATE 1-New York state's pension fund lost \$11 bln in market swoon**

November 24, 2015, EDWARD KRUDY

New York state's employees' retirement fund, one of the largest public pension funds in the United States, lost \$11 billion as markets swooned earlier this year, according to a state financial watchdog on Tuesday.

The New York State Common Retirement Fund had a value of \$173.5 billion at the end of the second quarter of its 2015-2016 fiscal year, which ends on Sept. 30, the state comptroller's office said, compared to \$184.5 billion at the end of March.

[Reuters](#)

### **Calpers' Private-Equity Fees: \$3.4 Billion**

November 24, 2015, TIMOTHY W. MARTIN

The nation's largest pension fund by assets said it has paid \$3.4 billion in performance fees to private-equity managers since 1990, providing the most significant disclosure yet in a debate at retirement plans over whether Wall Street is worth the price of admission.

The California Public Employees' Retirement System, known as Calpers, disclosed the performance-related expenses for the first time Tuesday. Calpers said those performance fees were based on profits of \$24.2 billion earned in hundreds of private-equity funds over the past 17 years.

[Wall Street Journal](#)

### **Mass. pension official rejects call to make hedge-fund fees public**

November 24, 2015, GREG RYAN

The pension fund for the commonwealth of Massachusetts would end up paying more in fees to hedge-fund managers if it made the amount of the fees public, an official said in response to criticism from a teachers' labor union about the fund's transparency.

The Massachusetts Pension Reserves Investment Management Board has lost an estimated \$1.2 billion in investment revenue since fiscal year 2005 because of hedge funds, according to a recent report by the American Federation of Teachers and the liberal think tank Roosevelt Institute that questioned pension funds' reliance on hedge funds. That's how much the board has paid in fees to manage its hedge fund investment over that time, while the investments have provided worse returns than same-sized total fund returns, the report said.

[Boston Business Journal](#)

### **Lawmakers work on public safety pension system overhaul plan**

November 26, 2015, BOB CHRISTIE

PHOENIX (AP) — A plan to overhaul the state's woefully underfunded pension plan for public safety workers is nearing completion after months of meetings between lawmakers, pension officials, firefighter and police unions and cities, towns and other public agencies that pay into the system.

The issue is pressing as public agencies that pay into the system have seen their contribution rates soar to an average of 42 percent of the salary paid to each police officer or firefighter in the Arizona Public Safety Personnel Retirement System. Some are paying much more, including the city of Bisbee, which is paying 90 percent of its police and fire payroll for pensions.

That level is simply unsustainable, Bisbee City Manager Jestin Johnson said Wednesday. The city's public safety pension costs now gobble up 18 percent of the city's general fund budget, and all 105 city employees have been forced to take between 40 and 80 hours of unpaid furlough this year.

[Arizona Daily Sun](#)

### **Illinois SURS in danger of running out of money to pay retirees, CIO says**

November 30, 2015, BARRY B. BURR

Illinois State Universities Retirement System, Champaign, is at risk of running out of assets to pay pension benefits during the next 10 years.

"SURS faces the real risk that the assets could be depleted in less than 10 years," Daniel L. Allen, chief investment officer, wrote in an Aug. 28 memorandum outlining the pension fund's 2016 investment plan, according to recently released investment committee meeting minutes.

"Investment policy alone cannot close the SURS plan deficit. The deficit is too large," Mr. Allen wrote.

[Pensions & Investments](#)

### **DOL proposal on state plans raises concerns from providers**

November 30, 2015, HAZEL BRADFORD

Proposed rules from the Department of Labor that give the green light to states to consider creating retirement savings programs for some private-sector workers are raising concerns among service providers, from record keepers to asset managers.

They worry a perceived DOL endorsement would give state plans an unfair advantage and, worse, could lead to lower savings rates for participants.

On Nov. 16, Secretary of Labor Thomas E. Perez announced the rulemaking initiative at a Chicago event with Illinois Treasurer Michael Frerichs, whose state is considered a trailblazer in this area, along with California, Connecticut and Oregon. While a new Illinois law gives the state two years to implement an individual retirement account plan for small companies, "we could not get up and running without this proposed regulation today," Mr. Frerichs said at the event. "It puts us on a path to move forward."

[Pensions & Investments](#)

### **Milliman issues fourth annual Public Pension Funding Study, provides objective analysis of funded status for 100 largest plans**

November 30, 2015

Milliman, Inc., a premier global consulting and actuarial firm, today released its fourth annual Public Pension Funding Study, which consists of the nation's 100 largest public defined benefit pension plans and analyzes these plans from both a market value and an actuarial value perspective. Another year of strong market conditions in 2014 helped drive a funded status improvement of more than 4%, but challenging times lie ahead. After years of strong asset performance, 2015 has been flat from an equity standpoint. Furthermore, many public plan sponsors have reduced return assumptions going forward, a trend that reflects today's market realities but also creates a steeper hill to climb if these pensions are to reach full funding.

"These pensions had a decent year in 2014, but given the early returns in 2015, the road ahead could be challenging for the 66% of these plans that are less than 80% funded," said Becky Sielman, author of the Milliman Public Pension Funding Study. "Many public plans have become more realistic about return assumptions in recent years—the median return assumption has decreased from 8.00% in 2012 to 7.65% this year—which will further steepen the climb to full funding, especially for the 10% of our study that are currently less than 50% funded."

[PR Newswire](#)

### **Public pension fund executives' confidence rising. NCPERS survey shows**

December 1, 2015, HAZEL BRADFORD

Confidence among public pension fund officials about their plans' long-term sustainability is on the rise, according to survey results released Tuesday by the National Conference on Public Employee Retirement Systems.

The 2015 NCPERS Public Retirement Study surveyed 179 state and local government pension funds representing \$2 trillion in assets during the third quarter. Of those, 32% were state plans and 68% were local funds.

Pension fund officials' overall confidence rose slightly on a 10-point scale, to 8 from 7.9 in 2014 and 7.4 in 2011. The average funding level of the surveyed plans also rose, to 74.1% from 71.5% in 2014.

[Pensions & Investments](#)

### **State pension board approves director's bonus, pay raise**

December 1, 2015, BETH HEALY RE: Massachusetts

The board of the \$61.7 billion state pension fund on Tuesday approved a \$35,000 pay increase for executive director Michael Trotsky, to \$395,000, and approved his full bonus payout for the year ended June 30.

Trotsky, who fills both the top job at the Pension Reserves Investment Management trust and the chief investment officer role, is eligible for a 40 percent yearly bonus, bumping his total pay for last fiscal year to \$499,000.

[Boston Globe](#)

### **Iowa's largest public pension fund has \$5 billion shortfall**

December 2, 2015

A report says Iowa's largest public employees' pension fund has a long-term shortfall of about \$5 billion.

The Des Moines Register reports that Gov. Terry Branstad was briefed Tuesday on the status of the Iowa Public Employees' Retirement System, which has 346,000 members.

The report says the pension fund's assets total about \$28 billion and is nearly 84 percent funded, slightly up from a year ago.

The system serves current, former and retired employees of state government, cities, counties and school districts. The contribution rate by local government and state public employees to the main pension fund has increased in recent years to almost 15 percent of an employee's earnings.

Donna Mueller, the fund's chief executive officer, says the report shows progress and stability.

Mueller said the system's \$5 billion in unfunded liabilities could be paid off in 23 years.

[KCCI Des Moines](#)

### **State pension funding level drops again, to 17 percent**

December 3, 2015, JOHN CHEVES RE: Kentucky

The \$16 billion Kentucky Retirement Systems on Thursday lowered the rate of investment return it assumes state pension assets will earn, which means funding levels for two tax-subsidized systems — ranked among the nation's worst — fell even further.

For the next state budget, the change means lawmakers must find tens of millions of extra dollars to keep the retirement systems afloat. The state's annual recommended contribution to KRS already was expected to hit \$880 million.

[Lexington Herald Leader](#)

### **New York City mayor urges city pension funds to divest gun stocks**

December 4, 2015

New York City Mayor Bill de Blasio urged the city's pension funds on Friday to divest their holdings in stocks of gun makers after this week's mass shooting in San Bernardino, California.

Two of the funds in the city's \$155 billion pension system ditched their holdings in gun manufacturers such as Smith & Wesson and Sturm Ruger after the Sandy Hook school shooting in 2012.

[CNBC](#)

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

### **Public hearing today on retirement plan**

November 18, 2015, STEVE LIMTIACO RE: Guam

Lawmakers Thursday evening are scheduled to discuss a plan to bail out government of Guam employees by creating a new, hybrid retirement plan to replace the "defined contribution" plan that went into effect for all new employees in 1995.

The legislative budget committee at 6 p.m. will hold a public hearing on Bill 2-33, which would create a hybrid plan that guarantees retirees an annuity payment, supplemented by the cash from their retirement investments.

The Government of Guam Employees Retirement Fund submitted the hybrid retirement plan to lawmakers earlier this year. The bill also would require employees to increase their retirement contributions to pay for the new plan.

[Pacific Daily News](#)

### **FinMin considers allowing more pension funds in equities**

November 22, 2015 RE: India

The Finance Ministry is considering a proposal to raise investment limit of pension funds in stock markets to 50% and a decision is expected in a short time, PFRDA Chairman Hemant G Contractor has said.

At present, the Pension Fund Regulatory and Development Authority of India (PFRDA) is allowed to invest up to 15% of the corpus into the stock market.

The hike in investment limit into the equity market is one of the recommendations of the G N Bajpai committee. The expert panel under ex-Sebi Chief was set up by PFRDA to review the investment guidelines for National Pension System (NPS) in the private sector.

[Business Standard](#)

### **Canadian Pension Funds Bled Billions After Oil Price Crash: CCPA Report**

November 22, 2015, JESSE FERRERAS

The CCPA has issued a report titled "The Economic Case for Divestment". Authors Marc Lee and Justin Ritchie make a case for ending investment in fossil fuel companies, citing factors such as climate change, energy price risks and community opposition.

The report shows that 20 Canadian pension funds lost a collective \$6.2 billion due to the oil shock last year.

[Huffington Post Canada](#)

### **Three pension funds to invest \$450 mln in Colombia road projects**

November 24, 2015, NELSON BOCANEGRA & JULIA SYMMES COB

Three Colombian pension funds, along with the Development Bank of Latin America and hedge fund Ashmore, will contribute 1.4 trillion pesos (\$450 million) to road infrastructure via a new investment fund, they said on Tuesday.

The group - including pension funds Porvenir, Colfondos and Proteccion - will finance seven road projects over a period of up to 25 years.

"The expected profits are interesting, they are above TES (local peso-denominated bonds), which is the most important thing for the portfolio of the pension funds," the fund's director, Camilo Marulanda, told journalists.

Finance Minister Mauricio Cardenas said he expected that three similar funds would be approved in the coming days, guaranteeing some 4 trillion pesos for the government's ambitious road building program. (\$1 = 3,086.82 Colombian pesos)

[Reuters](#)

### **Historic breakaway on state pensions**

November 25, 2015, ADRIAN DARBYSHIRE RE: Isle of Man

Tynwald unanimously approved changes to ensure future retirees are left no worse off following an historic breakaway from the UK state pension system.

Treasury Minister Eddie Teare told the court that by not following the UK's pension reforms, the island could 'take charge of its own destiny' and not be 'held hostage to fortune'.

The UK's new single tier state pension comes into operation in April next year.

[IOM Today](#)

### **UK Sets Out Public Pension Backstop Rules**

November 25, 2015

The UK's Department for Communities and Local Government (DCLG) could take over investment decision making for individual state-backed pension funds under proposed new investment rules.

The option forms part of a 'backstop' to the government's requirement for the UK's 89 local authority pension funds to pool their assets, laid out in a consultation paper published today. It has targeted six pooled investment vehicles of roughly £25 billion to £30 billion (\$38 billion to \$45 billion) each.

[Chief Investment Officer](#)

### **Kenya: Pension Funds Reduce Offshore Investments**

November 26, 2015, LOLA OKULO

Uncertainty over the US Federal Reserve's rate hike decision caused lower returns for offshore investments by local pension schemes during the third quarter of the year, new data show.

The Alexander Forbes Consulting Actuaries Schemes Survey for the period ending September 2015 covering 380 schemes indicates earnings by pension schemes for assets held outside Kenya dropped to a rate of 9.7 per cent compared to an interest of 13.8 per cent in the second quarter (April-June).

The Afcass survey further indicates there was limited exposure by pension funds to offshore assets, triggered by the uncertainty, as the average investment on these assets grew modestly to 2.2 per cent from 2.1 per cent as at end June. The 380 schemes' total assets were valued at Sh510.3 billion.

[All Africa](#)

### **Autumn statement: Delay to rises in pension contributions**

November 26, 2015, LINDSAY SHARMAN RE: UK

The government is to save around £840m by delaying planned rises to pension contributions for millions of workers.

The chancellor George Osborne announced on Wednesday that the next two scheduled increases to minimum pension contributions for auto-enrolled workers would be pushed back, which means savings on pensions tax relief.

The minimum contribution rate was scheduled to rise to 5% in October 2017 and then 8% in October 2018.

However, the chancellor said this timetable would be pushed back by six months to 'simplify the administration of automatic enrolment for small employers' as they prepare for auto-enrolment.

[Pension Funds Online](#)

### **World's Biggest Pension Fund Loses \$64 Billion Amid Equity Rout**

November 30, 2015, ANNA KITANAKA & SHIGEKI NOZAWA

The world's biggest pension fund posted its worst quarterly loss since at least 2008 after a global stock rout in August and September wiped \$64 billion off the Japanese asset manager's investments.

The 135.1 trillion yen (\$1.1 trillion) Government Pension Investment Fund lost 5.6 percent last quarter as the value of its holdings declined by 7.9 trillion yen, according to documents released Monday in Tokyo. That's the biggest percentage drop in comparable data starting from April 2008. The fund lost 8 trillion yen on its domestic and foreign equities and 241 billion yen on overseas debt, while Japanese bonds handed GPIF a 302 billion yen gain.

[Bloomberg](#)

### **IMF gives China's currency prized reserve asset status**

November 30, 2015, KRISTA HUGHES

The International Monetary Fund on Monday, as expected, admitted China's yuan into its benchmark currency basket in a victory for Beijing's campaign for recognition as a global economic power.

The IMF executive board's decision to add the yuan, also known as the renminbi, to the Special Drawing Rights (SDR) basket alongside the dollar, euro, pound sterling and yen, is an important

milestone in China's integration into the global financial system and a nod to the progress it has made with reforms.

To meet the IMF's criteria, Beijing has undertaken a flurry of reforms in recent months, including better access for foreigners to Chinese currency markets, more frequent debt issuance and expanded yuan trading hours.

[Reuters](#)

### **Japan Pension Fund Hedges Against Currency Moves**

November 30, 2015, ELEANOR WARNOCK

TOKYO—Japan's ¥135 trillion (\$1.1 trillion) public pension fund has started to hedge a small amount of its investments against currency fluctuations, according to people familiar with the matter.

Japan's Government Pension Investment Fund started to hedge against fluctuations in the euro in the "short term" due to a negative outlook for the currency amid expectations for further easing by the European Central Bank, the people said.

The fund previously didn't hedge any of its roughly ¥50 trillion in assets denominated in foreign currencies. A GPIF official declined to comment on whether the GPIF currently was using currency hedging or not, but said that the fund was ready to use currency hedging if deemed necessary.

[Wall Street Journal](#)

### **African Pension Funds: Retirees and infrastructure for the sake of the people**

December 1, 2015, Irwin Tchetchenigbo

In the financial world, it is the capital that disappears. Two visions, two aspects, the same problem: old age in Africa. Indeed, economic growth has increased the life expectancy in the continent, spawning new demographic challenges for populations. How to ensure the peaceful retirement of millions of Africans retiring each year from active life to finally enjoy its soft twilight? Pension funds that feed the funded pension systems are a first answer.

[The Market Mogul](#)

## **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

### **Chattanooga wins pension lawsuit filed by retired police officers, firefighters**

November 25, 2015, STEVE JOHNSON

In a big win for Chattanooga Mayor Andrew Berke's administration, a federal court judge dismissed a lawsuit filed by four retired police officers and firefighters that challenged the city's decision to reduce the cost-of-living adjustments to their pensions.

U.S. District Court Judge Curtis Collier granted the city's motion for summary judgment in a decision issued Tuesday.

[Times Free Press](#)

### **Obama's New Public Pension Option**

November 27, 2015

The Obama Administration has tried to shut down state laboratories for conservative reform. But in a decision that deserves far more attention, the White House is now waiving federal law to enable states to create new taxpayer-guaranteed retirement benefits.

Last week the Labor Department issued guidelines that clear the regulatory thicket for states to establish government retirement plans for workers in the private economy. Some two dozen states, led by such progressive bastions as California, Illinois and Oregon, have enacted or are considering legislation that would create public options for private workers who don't have access to employer-sponsored retirement plans.

[Wall Street Journal](#)

### **Chicago teachers' fund sues investment banks over interest-rate swaps**

December 3, 2015, Barry B. Burr

Chicago Public School Teachers' Pension & Retirement Fund sued Bank of America, Barclays, Goldman Sachs, J.P. Morgan Chase and 30 other investment banks or their units, accusing them of "conspiring to engineer and maintain a collusive and anti-competitive stranglehold over the market for interest-rate swaps in violation of federal antitrust laws," the \$10.9 billion pension fund said in a statement Wednesday.

The suit, filed Nov. 25 in U.S. District Court in New York, alleges the monopolistic-type activities have led the Chicago teachers' fund and other investors to overpay for interest-rate swaps.

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