



Weekly Clips, February 19, 2016

Texas Pension Review Board

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PRB PLANS

No PRB Plan articles this week.

TEXAS ECONOMIC INDICATORS

North Texas, Houston on opposite tracks

February 12, 2016, Kerry Curry

Some Texas housing markets will feel more pain this year from persistent low oil prices, but Dallas isn't one of those, according to housing experts who spoke at a Dallas Federal Reserve conference Friday.

Texas is one of six to seven states that are likely to see the worst impact from oil's drop this year: More capital expenditure cuts, bankruptcies and restructurings, said Robert Kaplan, president and CEO of the Federal Reserve Bank of Dallas.

"We've been struck by how resilient the state is," Kaplan said during the "Finding Shelter: Assessing Texas Residential Real Estate" conference. "We are going to see more pain this year, but actually, over the horizon, I'm very optimistic about this state."

[The Dallas Morning News](#)

There's One Place Where OPEC Can't Broker an Oil Deal: Texas

February 17, 2016, By Javier Blas and Dan Murtaugh

Saudi Arabia and Russia have taken the first step to stem the slide in oil prices. There's just one problem: If they are successful -- and that's a big if -- the wildcatters of Texas, Oklahoma and North Dakota are waiting to pounce.

With 4,000 wells drilled and just waiting for better prices to be brought on stream, the so-called fracklog could act as a cap to any oil rally, industry executives, traders and OPEC officials said. Worse, a price recovery could effectively bail out dozens of shale companies now struggling with \$30-a-barrel oil, allowing them to return to the capital market.

"If you think about making a production cut as OPEC, prices rise and these producers can get oil online in 80 days," Jeff Currie, Goldman Sachs Head of Commodities Research, said on Bloomberg TV. "It makes any type of price rally self-defeating."

[Bloomberg](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Lawmakers go to court to challenge Wolf's dismantling of pension watchdog agency

February 15, 2016, By Jan Murphy

When state government offices reopen for business on Tuesday, the fifth-floor office of the Public Employee Retirement Commission in the Finance Building will remain dark under orders of Gov. Tom Wolf.

But two Republican House members are hoping to get the lights back on and commission operating again with the help of the Commonwealth Court.

Reps. Stephen Bloom of Cumberland County and Seth Grove of York County have filed a lawsuit (see below) against Wolf claiming the governor acted unconstitutionally and lacks the power to dissolve the commission, which was created by the General Assembly.

[Penn Live](#)

Arizona governor signs law to change COLA for public safety pension fund

February 17, 2016, By Rob Kozlowski

Arizona Gov. Douglas A. Ducey signed into law on Tuesday a bill that would change the cost-of-living adjustments for participants in the \$8 billion Arizona Public Safety Personnel Retirement System, Phoenix.

The bill passed the Senate on Feb. 4 in a unanimous vote and the House of Representatives 49-10 on Feb. 11.

The new law creates three tiers of participants, the third of which is for employees hired on or after July 1, 2017.

It also calls for a referendum to repeal the permanent benefit increase for members of the first two tiers and create a new cost-of-living-adjustment formula. The law itself suffices in creating a new COLA formula for tier three members.

[Pensions & Investments](#)

Fiduciary Rule: No Time To Waste in Prepping for Changes

February 18, 2016, By Kenneth Corbin

Even as a controversial fiduciary proposal is in the final stages of the regulatory process, many advisors aren't bothering to reassess their compliance framework or lay the groundwork for the changes they will have to make in their practices when the Department of Labor's rule becomes the law of the land.

That's the assessment of Jason Roberts, CEO of the Pension Resource Institute and a partner at the Retirement Law Group, who urges advisors to begin assessing how their work with retirement plans and clients will be affected by the DoL's rule, which would impose new fiduciary responsibilities on brokers and advisors working in that space.

"We're hearing a whole lot of people saying, 'Oh we're just going to wait and see. We don't want to take any action until we see the final rule,'" Roberts said during a webcast of a Practising Law Institute conference this week. "And what I would say is we're pretty comfortable about 75% of what's in the proposal will stick and will be almost republished verbatim, if you will."

[On Wall Street](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Hatch Sets End of March Deadline for Puerto Rico Plan, Demands Audited Financials

February 10, 2016, By Jack Casey

WASHINGTON . Senate Finance Committee chair Orrin Hatch on Wednesday demanded Puerto Rico Gov. Alejandro Garcia Padilla provide detailed financial information by March 1 and said he wants to come up with a plan to help the commonwealth by the end of that month.

The Republican from Utah made the request for detailed information in a letter sent to the governor. He explained his goals for a solution to Puerto Rico's fiscal and debt crisis during a Finance Committee hearing on President Obama's budget for fiscal year 2017 where Treasury Secretary Jack Lew testified.

[Bond Buyer](#)

Fed expressed 'increased uncertainty' about U.S. economy as markets tumbled

February 17, 2016, By Jim Puzzanghera

As financial markets tumbled to start the year, Federal Reserve policymakers expressed "increased uncertainty" about the effects on the U.S. economy but decided it was premature to significantly alter their forecast for moderate growth in 2016, according to an account of their most recent meeting released Wednesday.

Still, with the economic outlook unclear, members of the Federal Open Market Committee voted unanimously at the Jan. 26-27 meeting to hold the central bank's key short-term interest rate steady at between 0.25% and 0.5%.

No hike had been expected after the Fed raised the rate in December for the first time in nearly a decade.

[Los Angeles Times](#)

Teamster retirees fight massive pension cuts at Kansas City town hall, warn others at risk

February 16, 2016, By Mark Davis

Dale Dorsey, after working 33 years, is facing a 51 percent cut to his pension. He's not facing it alone.

He's married. Dorsey's mother lives with them. And, having gotten a late start on a family, so do his children, one in the fourth grade and one in the eighth grade.

"This is just going to cripple my family," said Dorsey, who was one of 750 retirees and workers who attended a town hall meeting Tuesday in Kansas City.

They came to battle massive pension cuts proposed by the Central States Pension Fund, which covers 400,000 participants, 220,000 of them retired. The fund is so short of money, it will go broke in 10 years.

[The Kansas City Star](#)

Three agencies ask to leave struggling state pension system

February 18, 2016, By John Cheves

Three large quasi-public agencies have asked to exit the Kentucky Retirement Systems, which is struggling with \$16.6 billion in unfunded pension liabilities because of a long history of inadequate state funding.

The KRS Board of Trustees on Thursday approved withdrawal applications from Commonwealth Credit Union, based in Frankfort, and Kentucky Employers Mutual Insurance and the Council of State Governments, both headquartered in Lexington. The applications are the first under a new state law that allows for an orderly departure from KRS, but they might not be the last.

"This is hardly surprising. The handwriting is on the wall that this pension plan is bleeding red ink, and it is unsustainable," said Jim Carroll, a member of an advocacy group called Kentucky Government Retirees.

[Lexington Herald Leader](#)

Pew: More public pension fund transparency needed on fees

February 18, 2016, By Hazel Bradford

Public retirement systems need to do a better job making their investment costs more transparent, said a report issued Thursday by the Pew Charitable Trusts.

Pew's public-sector retirement systems project looked at reporting practices of the 73 largest state pension funds, which together have \$2.9 trillion in assets, representing more than 95% of all state investment assets, according to the U.S. Census Bureau.

Looking at financial data collected from 2012 to 2014, Pew found a wide variation in asset allocation, performance disclosure and reporting of fees. In many cases, current disclosure policies make it difficult for policymakers, stakeholders and the public to gauge the actual performance of these funds, the report said.

[Pensions & Investments](#)

Curry's plan would leave pension plans only partially funded after 30 years

February 18, 2016, By David Bauerlein

Mayor Lenny Curry's proposed pension paydown plan would dial back how much the city contributes to its pension plans in the coming years, freeing up tens of millions of dollars annually that go can to other city services.

But because the city would be paying less for many years to its pension plan, it will take much longer to strengthen those plans so they are financially healthy enough to fully fund all the long-term pension payments the city must make to retirees, according to an actuarial report done this month for the city.

That report shows that 30 years from now, the city's Police and Fire Pension Fund would still be far short of having enough money to pay its long-term pension obligations if the city spreads out its payments the way Curry is considering.

[The Florida Times Union](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Greek PM says differences between lenders delaying bailout review: paper

February 13, 2016, By Lefteris Papadimas

Greek Prime Minister Alexis Tsipras said on Saturday that differences between the country's international lenders over its pension reform plans are delaying the first review of its latest financial bailout.

Reforming Greece's ailing pension system is a prerequisite for the conclusion of the review, which is expected to open the way for debt relief talks.

The government has faced widespread protests over its reform plans however, as austerity-weary Greeks push back against yet more cuts to the country's welfare system.

"There are differences among the lenders on Greece's pension reform that are delaying the whole process," Tsipras said without elaborating, in an interview in the newspaper "Sunday's Avgi" released on Saturday.

[Reuters](#)

Italy Must Fix Pension Jam to Give Youth Jobs, Boeri Says

February 16, 2016, By Lorenzo Totaro

Italy should let people retire early with lower pensions to reduce the country's almost 40 percent youth unemployment rate, the head of the pensions and social security agency says.

The 2011 law that raised the pension age to almost 67 had the bottleneck-effect of suddenly locking in many workers for up to four years, making it difficult for employers to hire young people, Tito Boeri said in an interview. While he favors the idea of linking retirement to life expectancy, there was no need to prevent people from retiring sooner with lower pay, said Boeri, who has been the president of the Istituto Nazionale della Previdenza Sociale for a year.

[Bloomberg](#)

Ontario Delay Clears Path for Joint Reform of Canada Pensions

February 16, 2016, By Josh Wingrove

Ontario is pushing back the introduction of its provincial pension plan by one year as it works with the federal government on an enhancement of the Canada Pension Plan.

Contributions to the Ontario Retirement Pension Plan now won't begin before January 2018, as the province agrees to explore a range of potential CPP enhancements designed to improve Canadians' retirement income security with its federal counterpart, according to a statement released by Canadian Finance Minister Bill Morneau's department.

Prime Minister Justin Trudeau's government won power last year while pledging to work with the provinces and territories, workers, employers, and retiree organizations to enhance the Canada Pension Plan. The pledge overlapped with work by Ontario Premier Kathleen Wynne to introduce an auxiliary provincial plan to boost mandatory retirement saving in the country's most populous province.

[Bloomberg](#)

Japan Shelves Plan to Let Pension Fund Directly Invest in Stocks

February 17, 2016, By Eleanor Warnock

Japan's government has put off a plan to let its \$1.1 trillion public pension fund buy and sell stocks directly, following criticism that the move could lead to excessive state influence on the market.

The decision dashes the hopes of the Government Pension Investment Fund's chief investment officer and some foreign money managers who believed that a direct role in the stock market could make the fund a more effective investor and improve corporate governance in Japan.

A committee in Prime Minister Shinzo Abe's ruling Liberal Democratic Party decided Tuesday to postpone consideration of the issue for three years, said LDP lawmaker Shigeyuki Goto, the committee's secretary-general.

[The Wall Street Journal](#)

South Africa Bows to Union Calls for Pension-Law Changes

February 18, 2016, By Paul Vecchiatto

South Africa's government bowed to labor union demands and agreed to postpone some of the changes to tax laws that seek to discourage workers from cashing in their pension funds when they resign or retire.

Parliament approved the Taxation Laws Amendment Bill in November and President Jacob Zuma signed off on it the following month, saying it should come into effect on March 1. The law is aimed at standardizing the tax treatment of all retirement funds and limiting tax-free withdrawals.

The government had been notified of union plans to strike against the implementation of the law and has undertaken to address their grievances, Jeff Radebe, a minister in the Presidency, told reporters in Cape Town on Thursday. The requirement for workers to buy an annuity when they cash in their pensions, known as annuitization, will be put off until March 2018, the National Treasury said in an e-mailed statement. Workers will not be required to annuitize contributions made before that date.

[Bloomberg](#)

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