



Weekly Clips, February 26, 2016
Texas Pension Review Board
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PRB PLANS

No PRB Plan articles this week.

TEXAS ECONOMIC INDICATORS

Babin highlights domestic maritime impact on economy, jobs

February 24, 2016, By Y.C. Orozco

With a new study ranking Texas third in the U.S. for domestic maritime jobs and Houston second among cities for its impact to the national maritime industry, Congressman Brian Babin highlighted those findings while touring the Kinder Morgan BOSTCO Facility in La Porte on Tuesday.

As a former merchant mariner, congressman Babin stressed the impact domestic maritime industry stability has on his district, which boasts the largest number of maritime jobs in the state.

With a district that is home to one of the largest ports in our nation, the PwC (PricewaterhouseCoopers for the Transportation Institute) study reminds us how proud we are to not only be a major source of good-paying jobs for Texas but also a leading contributor to our state and national economy, Babin said.

Houston News

Construction underway on what will be the largest FedEx Ground hub in Texas

February 24, 2016, By Shawn Arrajj

FedEx Corp. is coming to Cy-Fair with a new 800,000-square-foot ground distribution hub opening August 2017. Once complete, it will be the largest FedEx ground facility in Texas, and one of the largest in the FedEx network, officials said.

The facility will employ more than 400 people in the Greater Houston area with a mixture of new hires and transfers from existing FedEx locations. Access to a strong labor market was the most important element of deciding where to build, said Vince Hamilton, vice president for FedEx Ground's Mid-America region.

Community Impact

Mansion sales and discount dining: oil rout hits Houston's rich

February 25, 2016, By Terry Wade and Anna Driver

Prices for mansions in Houston's swankiest neighborhood have tumbled in lock step with crude prices. The Houston Opera has offered free season tickets to patrons who lost their jobs in the oil bust. A fancy restaurant offers cut-price dinners.

Twenty months into the worst oil price crash since the 1980s, well-heeled residents of the world's oil capital are among the hardest hit largely because tanking energy firm shares make up much of oil and gas executives' compensation.

In River Oaks, a neighborhood of palatial mansions and lush gardens, the average sales price of a home has tumbled to \$1.3 million from \$2 million in the middle of 2014 when oil began its more than 70 percent slide, according to data from the Houston Association of Realtors and Keller Williams. Median property prices in the area have already fallen further in this downturn, which is not yet over, than the 16 percent drop in the previous oil slump in 2008 and 2009.

[Reuters](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

DOL fiduciary rule will transform the annuity industry

February 21, 2016, By Greg Iacurci

If the Labor Department has its way, say goodbye to the variable annuity industry as we know it.

The department's pending fiduciary rule, if finalized in its proposed form, would have profound effects on variable annuities sold in retail retirement accounts, from sales to product development and adviser compensation.

Namely, brokers selling VAs would likely operate more in a fee- rather than commission-based capacity, and insurers would pivot to develop product suites catering to this new demand. Further, there could be commission compression, more use of trailing rather than upfront commissions, a shift toward lower-fee share classes and increased adoption of fixed-indexed annuities.

[Investment News](#)

Houston workers fight for promised pensions

February 22, 2016, By Mónica Rojas

John Simmons, 68, retired in 2003 from Roadway Express after 12 years with the company. After 44 years of work, he decided that between Social Security, Medicare and retirement funds, he'd be set to still provide for his family.

But his pension is among thousands in danger of being cut under a recent federal law that allows multiemployer pension plans to temporarily or permanently cut distributions if they can prove they're in danger of running out of money within 15 to 20 years.

More than 250 enraged retirees and active workers filled the Houston union hall of Teamsters Local 988 Sunday morning to hear how they can fight to keep their retirement funds.

[Houston Chronicle](#)

Chevron 401(k) participants sue company over high fees, underperforming funds

February 22, 2016, By Robert Steyer

Participants in Chevron Corp.'s 401(k) plan have sued the company and plan executives, alleging breaches of fiduciary duty for, among other things, paying unreasonable investment management fees, providing a money market fund instead of a stable value fund and offering underperforming mutual funds.

The alleged breaches are in a lawsuit seeking class-action status, filed Feb. 17 in U.S. District Court in San Francisco against the company and members of the investment committee of the \$19 billion Chevron Employee Savings Investment Plan, San Ramon, Calif.

Chevron selected high-priced share classes of mutual funds, instead of identical lower-cost share classes of those same mutual funds, which were readily available to the plan, said the complaint, filed by Jerome J. Schlichter, founding and managing partner of Schlichter, Bogard & Denton.

Pensions & Investments

District Court judge rules in favor of RJR on 'reverse stock-drop' case

February 22, 2016, By Robert Steyer

A U.S. District Court judge in Greensboro, N.C., ruled that executives of the RJR Tobacco Capital Investment Plan - a 401(k) plan - performed their fiduciary duties properly in selling certain stocks, supporting plan executives in a reverse stock-drop case that has gone on for nearly 14 years.

After a careful weighing of the evidence and a review of all the circumstances prevailing at the time, it is determined that RJR has shown a preponderance of the evidence that a fiduciary acting with prudence would have divested the Nabisco funds at the time and in the manner that RJR did, wrote Judge N. Carlton Tilley Jr. in a Feb. 18 opinion. The case is Tatum et al. vs. R.J. Reynolds Tobacco Co. et al.

Pensions & Investments

House amendment to pension bill requires 10 percent employee contribution

February 22, 2016, By Tia Mitchell

The Florida House on Tuesday will consider an amendment to the Jacksonville pension reform bill intended to bolster support ahead of a floor vote.

The amendment would require all public employees to contribute 10 percent of their salaries to their retirement plan in order for the city to receive permission to use a half-penny sales tax to pay down pension debt.

Feel that 10 percent is still very reasonable but also ensures the current employees have skin in the game just as the city and the taxpayers do, quite frankly, said bill sponsor Rep. Travis Cummings, R-Fleming Island.

The Florida Times-Union

Senate committee finds 'flawed' rule-making on DOL fiduciary rule

February 24, 2016, By Hazel Bradford

The Department of Labor's process for developing a new fiduciary standard was flawed by interagency conflict, said a report released Wednesday by the Senate Homeland Security and Governmental Affairs Committee.

The panel's inquiry, which started in February 2015, two months before the DOL proposed a new rule, turned up numerous concerns raised by career staff at the Securities and Exchange Commission and other agencies that were disregarded by Labor Department officials, said the report prepared by the committee's Republican staff.

The (Senate Republicans') staff found that the Labor Department frequently prioritized the expeditious completion of the rule-making process at the expense of thoughtful deliberation, and political appointees at the White House played a key role in driving the rule-making process, the report said.

[Pensions & Investments](#)

Potential new teacher retirement policy extends years of service

February 25, 2016, By Carin Miller

Change is on the horizon in the Iron County School District, and although the changes are few, some of them will have long-term impact on educators.

In a regularly scheduled Iron County School District board meeting Tuesday, newly elected school board President Stephen Allen said that in response to concerns about losing valuable teachers who provide quality education to Utah students, the Utah Retirement Systems, an agency serving Utah public employees with retirement and insurance benefits, has asked districts statewide to change a portion of the Early Retirement Incentive Policy.

[St George News](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

The Trickle of U.S. Oil Exports Is Already Shifting Global Power

February 22, 2016, By Joe Carroll and Harry Weber

The sea stretched toward the horizon last New Year's Eve as the Theo T, a red-and-white tug at her side, slipped quietly beneath the Corpus Christi Harbor Bridge in Texas. Few Americans knew she was sailing into history.

Inside the Panamax oil tanker was a cargo that some on Capitol Hill had dubbed "Liquid American Freedom" -- the first U.S. crude bound for overseas markets after Congress lifted the 40-year export ban.

It was a landmark moment for the beleaguered energy industry and one heavy with both symbolism and economic implications. The Theo T was ushering in a new era as it left the U.S. Gulf Coast bound for France.

[Bloomberg](#)

Fortune 500 continues to shed pension plans

February 22, 2016, By Jerry Geisel

The number of defined benefit pension plans sponsored by the nation's largest corporations continues to fall.

Just 99, or about 20%, of Fortune 500 companies offered a defined benefit plan to new salaried employees in 2015, down from 104, or nearly 21% in 2014, and a dramatic fall from a decade earlier in

2015, when 248, or just over 48% of Fortune 500 firms, offered the plans, according to a Willis Towers Watson P.L.C. analysis released last week.

Frequently cited reasons for the decline in employer sponsorship of defined benefit plans include longer employee lifespans, which increases benefit costs; decreased corporate tolerance of fluctuating contribution requirements, which can jump up and down due to investment results; and escalating Pension Benefit Guaranty Corp. insurance premium rates.

[Business Insurance](#)

In College Endowment Returns, Davids Beat the Goliaths

February 26, 2016, By James B. Stewart

In the world of money management, bigger is often considered better. College and university endowments greater than \$1 billion, for example, have long outperformed their smaller rivals.

That may be changing.

In the latest annual National Association of College and University Business Officers-Common fund study of endowment performance, the smallest endowments— those under \$25 million — edged out the biggest endowments, averaging a five-year annualized return of 10.6 percent to the \$1 billion-plus category's 10.4 percent.

[The New York Times](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

UK 25% pension tax free lump sum in danger, say Royal London

February 22, 2016, By Richard Hubbard

If UK chancellor George Osborne opts to introduce a new Isa-style pension system in next month's budget it spells the end of the 25% tax free lump sum allowance, says Steve Webb, director of policy for Royal London.

Webb, who worked with the chancellor on pension strategy in the previous coalition government, believes Osborne favors the pension Isa plan over an alternative flat rate tax system, where all savers get the same level of tax relief on their pension contributions regardless of their income.

The key difference between the two schemes is over when tax is paid. With the so-called pensions Isa, savings are made from after-tax income and no tax is paid on the interest or the investment returns when it comes to drawing down the funds.

[International Adviser](#)

Iran Calls Proposed Saudi-Russian Oil-Output Freeze 'Ridiculous'

February 23, 2016, By Hashem Kalantari and Anthony Dipaola

Iran's oil minister called a proposal by Saudi Arabia and Russia to freeze oil production 'ridiculous' as it seeks to boost output after years of sanctions constrained sales. Crude prices fell after the comments.

The proposal by Saudi Arabia, Russia, Venezuela and Qatar for crude oil producers to cap production at January levels puts "unrealistic demands" on Iran, Oil Minister Bijan Namdar Zanganeh said, according to the ministry's news agency Shana.

"It is very ridiculous, they come up with the proposal on freezing oil production and call for this freeze to take place in their 10 million barrels a day production vis-a-vis Iran's 1 million barrels a day planned production boost, he said Tuesday. "If Iran's crude oil production falls, it will be overtaken considerably by the neighboring countries."

[Bloomberg](#)

European Stocks Defy Dipping Oil Prices and a Rout in China

February 25, 2016, By Reuters

European shares bounced after two days of falls on Thursday and sterling steadied having been pounded all week by Brexit fears, though a 6% drop in Chinese stocks kept worries over China's economy on the boil.

Europe's FTSEurofirst 300 was due a rebound having lost almost 4% since Tuesday and it came through as solid company results from Seadrill and British bank Lloyds helped it claw back just over 1.3%.

Oil, the big market driver this year, was however beginning to slide back again and the slump in Shanghai underscored the nerves around China's economy ahead of Friday's G20 meeting there.

[Fortune](#)

Chevron powers up \$900 million in global pension plan contributions for 2016

February 25, 2016, by Meaghan Kilroy

Chevron Corp., San Ramon, Calif., expects to contribute approximately \$650 million to its U.S. defined benefit plans and approximately \$250 million to its international DB plans in 2016, said the company's 10-K filed with the Securities and Exchange Commission on Thursday.

Chevron contributed \$641 million and \$227 million, respectively, to its U.S. and international pension plans in 2015.

At the end of 2015, U.S. pension plan assets totaled \$10.3 billion and pension benefit obligations totaled \$13.6 billion, for a funding ratio of 75.7%. As of Dec. 31, international pension plan assets totaled \$4.1 billion and benefit obligations, \$5.3 billion, for a funding ratio of 77.4%.

[Pensions & Investments](#)

Greece won't cut pensions again to meet EU/IMF demands - labour minister

February 26, 2016, By Renee Maltezou

Greece's left-led government will not cut pensions again even if its international lenders demand it, the country's labour minister told Reuters on Thursday, saying the income of the weak will be protected.

Athens remains determined to implement existing bailout reforms it has signed up to, however, George Katrougalos said in an interview.

Hanging onto a fragile parliamentary majority, the government wants to conclude its first progress assessment on fiscal targets and pension and tax reforms in order to start talks on debt relief - something it hopes will persuade angry Greeks that their austerity sacrifices are paying off.

[Reuters](#)

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