



Weekly Clips, March 4, 2016
Texas Pension Review Board
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PRB PLANS

Houston Municipal Employees terminates Profit Investment Management

March 2, 2016, By Meaghan Kilroy

Houston Municipal Employees Pension System terminated Profit Investment Management as a domestic equity manager, spokesman Peter Koops said in an e-mail.

The \$2.5 billion pension fund had \$39 million invested in the strategy. Further information on the U.S. equity strategy could not be learned.

Mr. Koops did not provide a reason for the termination nor information on where the funds will be transferred.

A spokeswoman for Profit Investment Management could not immediately be reached for comment.

The pension fund had a 15.1% allocation to domestic equity as of Sept. 30, according to *Pensions & Investments* data.

Pensions & Investments

Texas Teachers, CPPIB Among Nominees for Inaugural Overseas Award

March 3, 2016, By Nick Reeve

Pension funds from Sweden, Denmark, Switzerland, the Netherlands, and the UK are among the nominees for this year's *CIO* European Innovation Awards.

Oh, and Canada, the US, Korea, and Kuwait.

As 18th century writer Samuel Johnson once famously said, "Sir, when a man is tired of London, he is tired of life; for there is in London all that life can afford."

While residents of New York, San Francisco, Paris, Berlin, and countless others may dispute this, an elite group of asset owners have embraced the UK capital as a vital part of their strategy. As such, for the first time, this year *CIO* will be shining a light on those investors who have set up a home away from home in one of the continent's major cities.

Chief Investment Officer

TEXAS ECONOMIC INDICATORS

Dallas Fed: Texas factory output, employment levels drop in February

February 29, 2016, By Dan Zehr

The depressed energy sector and a strong U.S. dollar whipsawed Texas manufacturers again in February, dropping several gauges of factory activity to their lowest points since the recession, according to a report released Monday by the Federal Reserve Bank of Dallas.

The state production index, a key measure of statewide goods production, ticked up to a reading of -8.5 in February from -10.2 the prior month, according to the monthly Texas Manufacturing Outlook Survey.

The greater but still-negative figure suggested the ongoing contraction in the state's manufacturing sector eased slightly in February after dropping sharply in January. Texas factories closed out 2015 with three months of production expansion before January's decline, according to the Dallas Fed.

[Austin American-Statesman](#)

Small business hiring reinforces Texas's economic diversity

March 1, 2016, By Chris Tomlinson

Small businesses are hiring workers at a healthy pace, and Texas ranks fourth in the nation in jobs added by companies that employ fewer than 50 people.

These small employers are helping soften the blow of layoffs in the oil and gas industry brought on by low commodity prices. They are indicative of a diverse economy, even if the jobs they create can't slow Texas' rising unemployment rate, which is now 4.7 percent.

Dallas saw the highest growth rate among major metropolitan areas, adding jobs at a 1.6 percent annual rate, according to the PayChex-IHS Small Business Jobs Index. Houston's growth remained positive, but the rate of growth was down 2.74 percent from February last year.

[Houston Chronicle](#)

Texas service sector growth holds steady, despite drop in retail sales

March 1, 2016, By Dan Zehr

Activity across the Texas service sector continued to expand in February, shaking off a decline retail sales and mounting evidence that the energy sector's slowdown is rippling into other industries, according to a report issued Tuesday by the Federal Reserve Bank of Dallas.

The state revenue index, a key measure of activity at private service-providing companies, remained essentially flat at a reading of 9.7 in February, according to the monthly Texas Service Sector Outlook Survey. The index registered 10.0 in January.

The similar, positive figure indicated that revenue across the Texas service sector continue to expand at the same rate.

[Austin American-Statesman](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Treasury Plan for Puerto Rico Favors Pensions Over Bondholders

February 24, 2016, By Mary Williams Walsh

If it's up to the Treasury Department, public employees in Puerto Rico who were promised pensions could be better off than investors who bought the island's bonds.

A broad plan being put forward by the Treasury Department to ease Puerto Rico's financial crisis would put pension payments to retirees ahead of payments to bondholders - a move that some experts fear could rattle the larger municipal bond market.

The proposal was being driven by evidence that Puerto Rico's pension system is nearly out of money, leaving retirees who are dependent on it financially vulnerable.

[The New York Times](#)

U.S. top court rejects union challenge to New Jersey pension reforms

February 29, 2016, By Lawrence Hurley and Hilary Russ

The U.S. Supreme Court on Monday rejected a bid by unions representing public employees, including teachers and state troopers, to force the state of New Jersey to pay the full share of its annual public pension contribution.

The court declined to hear the unions' appeal, leaving in place a July 2015 ruling by the New Jersey Supreme Court that allowed Republican Governor Chris Christie's administration to make only partial contributions to public pension funds.

"We're heartened by the U.S. Supreme Court's decision today," said Christie spokeswoman Joelle Farrell, who said that all parties need to come back to the table and find a solution "that is fair for all taxpayers."

[Reuters](#)

New Wisconsin law gives municipal employees more retirement plan options

March 1, 2016, By Barry B. Burr

Wisconsin municipal employees will have more choices in retirement programs under legislation signed into law Monday by Gov. Scott Walker.

The law allows existing municipal employees to choose whether to stay in their existing retirement programs or join the Wisconsin Retirement System when their employer elects to join WRS. Employees hired on or after the date the employer joins the state pension fund will automatically become participants in the WRS.

Under the previous law, all employees regardless of when they were hired became WRS members when their employer joined the state pension fund.

[Pensions & Investments](#)

GAO to probe oversight of the Central States pension fund

March 1, 2016, By Jennifer Bjorhus

The watchdog arm of Congress will try to figure out whether the federal government could have prevented the financial crisis engulfing the Central States Pension Fund.

Nearly 300,000 Teamsters could lose a significant chunk of their retirement income under a rescue plan the Central States fund wants to pursue.

The nonpartisan Government Accountability Office will review the U.S. Department of Labor's oversight of the fund, the office wrote in a Feb. 12 letter to Sen. Chuck Grassley, R-Iowa. Grassley requested the probe Feb. 1.

[Star Tribune](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Modernized Military Pensions Could Be 18% Lower for New Recruits

February 24, 2016, By Danielle Andrus

Servicemembers who enter the military after Jan. 1, 2018, may receive retirement payouts that are as much as 18% lower than current servicemembers', according to a white paper released Wednesday by First Command Financial Services.

That decline is due to the new retirement system that will affect future servicemembers. Troops who join before 2018 may opt in to the modernized plan, or be automatically covered under the current system. The December 2015 First Command Financial Behaviors Index found about 30% of troops who plan to serve to full retirement want to opt in to the modernized plan.

[Think Advisor](#)

U.S. index futures signal equities to rebound after monthly drop

March 1, 2016, By Roxana Zega

U.S. stock-index futures rose, indicating equities will rebound after the Standard & Poor's 500 Index capped its third consecutive month of losses, amid investor optimism about central bank support.

S&P 500 contracts expiring in March rose 0.8 percent to 1,944.75 at 9:01 a.m. in New York, after the underlying index on Monday slid 0.8 percent. Equities erased a monthly gain yesterday as declines in banks and health-care stocks put the brakes on a two-week comeback. Dow Jones Industrial Average futures increased 101 points, or 0.6 percent, to 16,598, today.

[Bloomberg](#)

Workers and employers would be forced to save 3% of pay under new retirement proposal

March 2, 2016, By Greg Iacurci

A new proposal to solve the country's retirement savings crisis would force workers and their employers to contribute at least 3% of the employee's salary each year toward an account that would be converted into an annuity at the time of retirement.

[Investment News](#)

More Companies Freezing Corporate Pension Plans

March 3, 2016, By Vipal Monga

A growing number of companies are freezing their defined benefit pension plans as they seek to reduce their retirement burdens.

Since the financial crisis, the percentage of Fortune 500 companies that have frozen their corporate pensions nearly doubled to 39% in 2015 from 21% in 2009, according to risk advisor and benefits management firm Willis Towers Watson.

Frozen plans stop earning further benefits for workers.

[The Wall Street Journal](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Regulation Roundup: Pension developments in Europe

March 2016, By Gail Moss

IPE's overview of regulatory and legislative changes in the pensions landscape in key European countries

Denmark

In terms of new legislation on tax and pensions, 2015 was a quiet year, possibly because the imminent general election discouraged politicians from pursuing new initiatives. The election saw a centre-right government taking over from the social democrats.

The new government has until now been focusing on other issues, but it is possible that an initiative on tax, pensions or a combination of both will be announced during 2016.

[Investment & Pension Europe](#)

World's Biggest Pension Fund Adds \$42 Billion as Stocks Gain

March 1, 2016, By Anna Kitanaka and Shigeki Nozawa

The world's biggest pension fund posted its best quarterly gain in a year as a rebound in stocks helped add \$42 billion to the value of the Japanese asset manager's investments.

The 139.8 trillion yen (\$1.2 trillion) Government Pension Investment Fund delivered a 3.6 percent return in the three months ended December as its holdings rose by 4.7 trillion yen, according to documents released Tuesday in Tokyo. That's the biggest increase since the same period of 2014. The fund gained

3 trillion yen on Japanese stocks and 1.6 trillion yen on overseas equities, while foreign bonds were the only asset class to decline.

[Bloomberg](#)

Canada pension funds take closer look at energy, but still wary

March 2, 2016, By Matt Scuffham

Executives at some of Canada's biggest pension funds say they are looking more closely at the oil and gas sector, attracted by low valuations, but will take a scrupulous approach to deals given the uncertain oil price outlook.

The funds say they are prepared to overlook depressed oil prices in the short term if it means they can directly invest in assets at knock-down prices, especially as rival investors retreat and lenders get tough with struggling firms.

Pension funds are under less pressure than other investors, such as private equity, to hit short-term targets and may be able to cherry-pick assets.

[Reuters](#)

World stocks at two-month peaks as growth fears ease

March 3, 2016, By Dhara Ranasinghe

World stock markets touched two-month highs on Thursday as easing concern about the global growth outlook and a recovery in commodities lifted risk appetite globally.

Upbeat data from major economies this week and signs of a rebound in a range of commodities have helped restore some calm to global markets after a turbulent start to the year.

Growth in Germany's private sector slid to a five-month low in February but remained solid, underpinned by growing services, a survey showed on Thursday.

[Reuters](#)

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