



Weekly Clips, April 22, 2016  
Texas Pension Review Board  
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## **PRB PLANS**

### **State Workers Want Pensions to Keep Up with Times**

April 21, 2016, By Jim Malewitz

Thousands of retired Texas state workers are essentially stuck in 2001. Though health care, food and pretty much everything else keeps getting more expensive, their monthly pension checks haven't budged to cover those costs - not since Gov. Rick Perry's first year in office.

That leaves some struggling to get by or working private sector jobs into their twilight, advocates say.

[The Texas Tribune](#)

### **Maples Fund Services Selected by Dallas Police & Fire Pension System**

April 21, 2016

Fund administration specialist Maples Fund Services has been selected by the Dallas Police and Fire Pension System to provide consolidated performance and risk reporting services to its \$3 billion pension plan.

Following the arrival of CIO James Perry in 2015, the pension system has implemented broad improvements to its investment program, including the implementation of sophisticated investment strategies aimed at augmenting performance and realigning liquidity in its portfolio, according to a statement.

[finalternatives](#)

### **Texas hamstrung when it comes to properly funding employee pensions**

April 21, 2016, By Kimberly Reeves, Quorum Report

Retired state employees have gone 15 years without a cost-of-living adjustment, with no relief on the horizon next session. In an exchange with a House Appropriations Committee subcommittee today, Keith Brainard of the National Association of State Retirement Administrators said only five states address pension plans in their constitutions, and four of those provisions are related to adequacy.

Texas -- unlike Arizona, Louisiana, Maine and Montana -- has set constitutional limits on how much the state will contribute to pension plans: no less than 6 percent and no more than 10 percent of the plan's cost.

[Houston Chronicle](#)

## **Patterson: Retain defined benefits for Houston's public employees**

April 20, 2016, By Max Patterson

As City Council works with Mayor Sylvester Turner on addressing Houston's pension fund issues, they should ignore calls from the Houston business community to adopt 401(k)-type plans.

Yes, nearly the entire private sector uses 401(k) plans. Those plans focus on achieving business objectives, like minimizing a company's contribution to employees' retirement funds, and retaining flexibility for corporate buyouts or mass layoffs. Mostly, they shift investment risks from companies to employees. They are a win-lose in the company-employee equation.

[Houston Chronicle](#)

## **TEXAS ECONOMIC INDICATORS**

### **Is the Texas Miracle on ice? What low oil prices mean for us**

April 20, 2016, By Dale Craymer

Over the past eight years alone, Texas' annual job growth has exceeded the nation's growth by a factor of four, with Texas adding jobs at a robust 2 percent clip, even in the face of a severe recession.

But much of that growth has been fueled by oil and gas, which is five times more important to our economy than nationally.

[Star-Telegram](#)

### **The truth behind the Texas Miracle**

April 16, 2016, By Chris Tomlinson

The experiment is complete, and the results are clear: The Texas Miracle had more to do with high oil prices and geography than its blustery politics.

An economic slowdown is a high price to pay for settling this argument. But at least now we know that politicians are not nearly as important to the economy as they claim, and for that, we should all be relieved.

[Houston Chronicle](#)

### **Texas workforce shows signs of weakness**

April 15, 2016, By David Hendricks

The Texas economy may be starting to soften as two reports Friday showed early signs of weakness in the labor market, which has remained resilient even as energy companies shed tens of thousands of jobs.

The Texas Workforce Commission said the state lost 12,000 jobs in March, the first such decline in almost a year, while the Federal Reserve Bank of Dallas showed a gain of roughly 500 net new jobs in the month, the smallest increase in a year. The numbers differ because the Dallas Fed's data are adjusted to take into account seasonal swings in the workforce, while the Workforce Commission's is not seasonally adjusted in the state's largest cities, including Houston, Dallas and San Antonio.

[San Antonio Express-News](#)

# **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

## **House committee moves to block fiduciary rule**

April 21, 2016, By Hazel Bradford

A resolution blocking the Department of Labor's new fiduciary rule was passed Thursday by the House Education and the Workforce Committee with a 22-14 vote.

On April 6, Secretary of Labor Thomas Perez presented the rule, now called conflict of interest, which goes into effect April 2017.

### **Pensions & Investments**

## **Congress Bickers As Puerto Rico Edges Closer To A Default**

April 20, 2016, By Laura Barron-Lopez and Matt Fuller

As usual, Republicans aren't talking to Democrats and Democrats aren't talking to Republicans. This time, it's about legislation to help Puerto Rico restructure \$70 billion in debt ahead of a critical May 1 deadline.

In an effort to break the ice, Republican and Democratic leadership aides met Wednesday afternoon with the House Natural Resources Committee and Treasury Department to discuss the bill, according to a senior GOP aide.

### **Huffington Post**

## **Ryan: No timeline for Puerto Rico action**

April 19, 2016, By Peter Schroeder

Speaker Paul Ryan (R-Wis.) made no prediction Tuesday on when the House would again take up a stalled Puerto Rico debt relief bill other than to say Republicans were making "good progress."

Speaking to reporters, Ryan deferred questions on when the House Natural Resources Committee would again take up the legislation to that panel's chairman, Rep. Rob Bishop (R-Utah).

### **The Hill**

## **MBTA pension board still fighting to keep its funds secret**

April 18, 2016, By Eric Levenson

The MBTA's pension fund will continue to wage a legal fight to keep its records from reaching public eyes, people with knowledge of the matter told *The Boston Globe*.

Despite calls to release the records from MBTA chief administrator Brian Shortleeve, the T's pension board will not drop its case, the *Globe* reports. The pension fund is set up as a private trust, and the fund's officials have said the public records laws do not apply.

### **Boston.com**

## **Obama administration urges states to revisit Iran laws**

April 18, 2016, By Eli Lake

After lifting international and federal sanctions related to Iran's nuclear program, the Barack Obama administration is turning its attention to state governments.

On April 8, the State Department's lead coordinator for Iran nuclear implementation, Stephen Mull, sent letters to the governors of all 50 states as well as some local officials. He asked them to reconsider any laws on the books that called for divesting state funds, such as pensions, from businesses interacting with Iran's economy, or laws that would deny contracts to companies that do business with Iran.

### [Chicago Tribune](#)

## **Moody's: Enhanced pension disclosures under GASB 68 improve credit analysis but leave underlying credit risks unchanged**

April 18, 2016

The added disclosure of pension liability exposure for US states and local governments under Governmental Accounting Standards Board (GASB) Statement 68 enables improved credit analysis of the relative strength or weakness of government contributions, according to Moody's Investors Service in a new report. GASB 68 allows Moody's to establish a new "tread water" indicator, which measures the minimum annual contribution required from a government to prevent its net pension liability (NPL) from growing under reported assumptions.

The report, "FAQ: Improved GASB Pension Disclosure Does Not Eliminate Need for Adjustments," addresses frequently asked questions about the new standards, which do not alter credit risk stemming from unfunded pension liabilities.

### [Moody's](#)

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

## **One of the nation's largest pension funds could soon cut benefits for retirees**

April 20, 2016, By Jonnelle Marte

More than a quarter of a million truckers, retirees and their families could soon see their pension benefits severely cut - even though their pension fund is still years away from running out of money.

Within the next few weeks, the Treasury Department is expected to announce a crucial decision on whether it will approve reductions to one of the country's largest multi-employer pension plans.

### [The Washington Post](#)

## **Saving Puerto Rico**

April 19, 2016, By The Washington Times

The Commonwealth of Puerto Rico is a small island, population 3.5 million, but it's counting on Washington thinking that the commonwealth, like Wall Street banks and Detroit automobile manufacturers, is too big to fail. Decades of out-of-control management has pushed it to the brink of financial collapse.

The day of judgment is at hand. Puerto Rico has its hands out, expecting Washington to ride (or surf) to the rescue. One of the enthusiastic surfers is House Speaker Paul Ryan, surfing in support of indulgent legislation emerging from the House Natural Resources Committee. Since the president has failed to lead on this issue as he has so many others, Mr. Ryan called a special conference last week to talk about his plan.

## [The Washington Times](#)

### **Largest corporate DB plans see no gains in funding**

April 18, 2016, By Trilbe Wynne

In a year when the nation's largest corporate defined benefit plans saw a 5.7% aggregate decrease in liabilities, funding levels barely budged. The culprit: a combination of low returns that hovered around zero and declining contributions for the third straight year.

The average funding ratio ended 2015 at 85.1%, down from 85.7% in 2014, even as the average discount rate increased 34 basis points to 4.39% in 2015, according to *Pensions & Investments'* annual analysis of SEC filings. The aggregate funding ratio also decreased to 82.1% from 82.7% the previous year.

## [Pensions & Investments](#)

### **Survey hints at changing attitudes about retirement**

April 18, 2016

Millennials' perspective on their later years and how to get there hints at a possible redefining of retirement, according to a survey paid for by Merrill Lynch, a unit of Bank of America.

Nearly half (41 percent) of the generation surveyed expects to retire when they hit a certain financial milestone or savings goal, whereas their older counterparts are focused on leaving the workforce when they hit a certain age or can no longer work due to health concerns.

## [Central Valley Business Times](#)

### **CalPERS to review divestment program; sets parameters for real assets portfolio**

April 18, 2016, By Rob Kozlowski

CalPERS announced Monday it is reviewing its entire divestment program, including tobacco, over the next 12 to 24 months, and also adopting a new strategic plan for its real assets program, creating new parameters for the overall risk assets program in such areas as risk and region.

The board of the \$293.6 billion California Public Employees' Retirement System, Sacramento, plans to consider reinvestment in tobacco following an October report from investment consultant Wilshire Associates that revealed CalPERS had lost \$3 billion due to its divestment from tobacco, as of Dec. 31, 2014, and about \$8 billion total from all its divestments.

## [Pensions & Investments](#)

### **Central States Teamsters pension fund returns -0.81% in 2015**

April 18, 2016, By Barry B. Burr

Teamsters Central States, Southeast & Southwest Areas Pension Fund returned -0.81% for the year ended Dec. 31, underperforming the 0.37% median return of its Wilshire Trust Universe Comparison Service benchmark, said a recently posted report on the pension fund's website.

For the three years ended Dec. 31, the Rosemont, Ill.-based pension fund, whose assets totaled \$16.1 billion as of Dec. 31, returned an annualized 8.06%, outpacing the median Wilshire TUCSq7.54% return.

## [Pensions & Investments](#)

### **State Fiscal Problems Threaten Higher Taxes On Federal**

April 17, 2016, By Michael Wald

Federal retirees depend on their federal civil service annuity for much of their retirement income, but states facing financial problems may be looking to public sector pensions as a source of new revenue.

A state-by-state income tax analysis issued by the National Active and Retired Federal Employees Association (NARFE) shows that currently nine states have no income tax and nine more exempt the total amount of civil service annuities from their state income tax, but this equation may be changing.

## [FedSmith](#)

### **As Muni-Bond Crises Build, Pensioner Wins Show Investors' Peril**

April 12, 2016, By Romy Varghese

Puerto Rico, Atlantic City and Chicago school district bondholders have reason to fear a fight in court if the ailing governments collapse financially: recent cases show that when municipalities go broke, investors lose when pitted against municipal retirees.

The latest example is San Bernardino, California, which saddled bondholders with a 60 percent loss while keeping retirement benefits intact under a settlement last month aimed at ending its nearly four years in bankruptcy. That's in line with the outcome of the local-government bankruptcies filed since the onset of the Great Recession, all but one of which sheltered pensioners from the deeper cuts extracted from investors who bought their debt.

## [Bloomberg](#)

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

### **Greece, EU/IMF lenders make progress but still no deal**

April 21, 2016, By Lefteris Papadimas and Renee Maltezou

Greece and its international lenders made progress in negotiations on economic reforms, a Greek government official said on Thursday, but a final accord needed to unlock badly needed bailout loans remained elusive.

Talks on pension reforms and tax hikes, privatizations and the management of bad loans resumed this week in Athens with the aim to reach an agreement on the package ahead of a meeting of euro zone finance ministers in Amsterdam on Friday.

## [Reuters](#)

## **Indian government rollback on pensions a small victory, say unions**

April 20, 2016, By Anuradha Nagaraj

Garment workers across the southern Indian states of Karnataka and Tamil Nadu welcomed the government's decision to scrap a controversial proposal to change the rule on pension withdrawals but said the battle for their rights was far from over.

The government on Tuesday dropped its proposal - to allow the employer's contribution to the Employee Provident Fund to be released only at the retirement age of 58 - after thousands of protesters clashed with police in the information technology hub of Bengaluru.

[Reuters](#)

## **Oil steadies as Kuwait strike offsets scuttled output freeze**

April 18, 2016, By Barani Krishnan

Oil prices steadied on Monday after a Kuwaiti workers' strike that slashed more than half the country's oil output offset worries about a scuttled major producers' freeze plan that sent the market tumbling earlier.

The strike cut more than 60 percent Kuwait's crude output, lending support to price benchmarks such as Brent and Dubai, and tightened refined product supplies as the country scales back refinery runs and fuel exports.

[Reuters](#)

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