



Weekly Clips, April 29, 2016
Texas Pension Review Board
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PRB PLANS

Dallas mayor: Kleinman quits police and fire pension board so he can get tougher with it

April 22, 2016, By Tristan Hallman

Council member Lee Kleinman can now be tougher on the beleaguered Dallas Police and Fire Pension System, Dallas Mayor Mike Rawlings announced Friday.

Rawlings wrote in a memo that Kleinman resigned his spot as vice chair of the pension system's board effective May 24.

[The Dallas Morning News](#)

TEXAS ECONOMIC INDICATORS

Texas factory output expands in April, but cautious outlooks persist

April 25, 2016, By Dan Zehr

Output from Texas factories expanded for a second consecutive month in April, showing some signs of stabilization in a difficult environment for manufacturers, according to a survey released Monday by the Federal Reserve Bank of Dallas.

The state production index, a key measure of statewide factory activity, ticked up to a reading of 5.8 in April from 3.3 the prior month, according to the Texas Manufacturing Outlook Survey.

[My Statesman](#)

Fed economist: Texas resilient despite low oil prices

April 28, 2016, By Mella McEwen

Forces light and dark are pushing and pulling at the nation's economy, vying to establish its direction.

There are positives to be found in the economy, but there are also trends that could be cause for concern, said Tom Siems, assistant vice president and senior economist at the Federal Reserve Bank of Dallas.

He addressed the Petroleum Accountants Society of the Permian Basin Thursday at Midland Country Club.

[Midland Reporter-Telegram](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Showdown over Kentucky's public pension systems heats up

April 22, 2016, By Edward Krudy

An attempt to change how Kentucky's struggling public pensions do business has hit a wall, leaving Republican lawmakers clamoring for an audit and the governor battling to remove the chairman of the state's main pension system.

The spat is the latest in a growing political feud that is souring relations around the state's public pension plans - underfunded by at least \$30 billion - and comes after an attempt to force new business practices on the funds failed after a battle in the state legislature.

Reuters

Labor Unions Push for Changes to House Puerto Rico Bill

April 26, 2016, By Ryan Rainey

The AFL-CIO, Service Employees International Union and the United Auto Workers are among U.S. labor unions calling for changes to a House bill designed to address Puerto Rico's debt crisis.

The groups say H.R. 4900 doesn't do enough to protect workers on the island or to ensure a balanced fiscal control board. Instead, they proposed three amendments that would: protecting pensioners; tamp down a fiscal control board's power; and avoid scaled back minimum wage or overtime laws.

Morning Consult

Kroger workers, retirees sue failing pension fund, trustees

April 26, 2016, By Fatima Hussein

A group of participants in the Central States Pension Fund is suing the fund, its administrators and trustees for breach of fiduciary duty.

The move follows a nationwide movement of retirees who have taken to protesting the troubled fund, which is set to run out of money in 2026.

The plaintiffs are current and retired warehouse workers at Kroger Co., hailing from Michigan, Illinois and Kansas, whose retirement funds are invested in the Rosemont, Illinois-based Central States Pension Fund.

Cincinnati.com

The New Fiduciary Rule: Good Or Bad For Small Plan Sponsors?

April 27, 2016, By Joe Lustig

With more small businesses saying they plan to increase retirement plan contributions or start offering retirement benefits, attention is turning to the impact of the Department of Labor's new fiduciary rule on those aspirations.

Under the final rule, which takes effect in April 2017, persons who provide investment advice or recommendations for a fee or other compensation with respect to plan or individual retirement account

assets are considered plan fiduciaries, and, as such, must act in the best interest of their clients and disclose any potential conflicts of interest.

[Bloomberg BNA](#)

House Republicans Vote to Block New Rule on Retirement Advice

April 28, 2016, By Yuka Hayashi

The House on Thursday voted to block the enactment of a new rule on retirement advice, underscoring continued opposition to the Obama administration's landmark policy aimed at helping more U.S. households grow their nest eggs.

The vote, which comes three weeks after the Labor Department completed its tougher new standard on brokers working on retirement accounts, is viewed as a political statement by House Republicans who have fought the rule for over five years, rather than a serious attempt to kill the regulation.

[The Wall Street Journal](#)

Obama Vows to Veto DOL Rule Disapproval Bill

April 28, 2016, By Alex Padalka

The White House has promised to veto a so-called Congressional "disapproval bill" which is attempting to throw out the Department of Labor's fiduciary rule, the Hill reports. The House of Representatives is expected to vote on its version of the disapproval motion tomorrow, according to the political news publication.

If the President were presented with [the House disapproval measure], he would veto the bill, the White House's Office of Management and Budget said in a statement.

[Financial Advisor IQ](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Committed: North Carolina Seeks Wider Berth for Alternatives Portfolio

April 22, 2016, By Dawn Lim

The North Carolina Department of State Treasurer is seeking to relax limits to how the state pension fund can be invested across private equity and other alternative investments, a move that would give it wider berth to shape an \$84 billion portfolio amid interest-rate uncertainty.

The state treasurer's department got a vote of confidence on Tuesday from a key advisory board to ease statutory restrictions on the pension's investments in private equity, real estate, opportunistic credit, inflation-sensitive assets and equity hedge funds, spokesman Brad Young said.

[The Wall Street Journal](#)

Disappearing pensions hurt U.S. economy as well as workers

April 23, 2016, By Michael Molinski

Retirement has taken a back seat to corporate profitability for more than 40 years as the United States has embraced the reduction of pensions, and now the U.S. economy is paying the price with lowered productivity.

Without pensions, older workers are being forced to work longer hours and stay in the workforce longer, and that means they're squeezing out some of the most productive workers of all, known as core workers, according to a study by the University of Paris-Sorbonne.

[USA Today](#)

Are 'Disappearing Pensions' Hurting The Economy?

April 25, 2016, By Andrew Biggs

Writing in USA Today, Michael Molinski . a former financial journalist now doing post-graduate work in economics at the University of Paris-Sorbonne . argues that disappearing pensions are weakening the U.S. economy.

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[Forbes](#)

Five candidates are in the running to be the next executive director of the Jacksonville Police and Fire Pension Fund

April 25, 2016, By Eileen Kelley

Five current or former pension-plan administrators from Oklahoma to Puerto Rico have made the first cut to fill the executive director position at the Jacksonville Police and Fire Pension Fund.

The fund's board of trustees on Monday went through the resumes of nine candidates that EFL Associates, an executive-search firm in Denver, chose for consideration. From there, the trustees narrowed the list to five they will interview via video conference next week.

[The Florida Times-Union](#)

Socially Responsible Investing For Public Employee Pension Fund?

April 25, 2016, By John Reitmeyer

Saddled with significant debt and a long record of getting less than full contributions from state government, New Jersey's public-employee pension system seems to be in no position right now to be picky about its investments.

Yet there are many who believe the state pension system and others like it should adopt a finance strategy that focuses not just on investment returns, but on the types of companies that are being invested in.

[NJ Spotlight](#)

Feds: DPS keeps \$30M in aid meant for pensions

April 26, 2016, By Chad Livengood

The state is investigating why the Detroit Public Schools received up to \$30 million in U.S. Department of Education reimbursements for the pensions of grant-funded employees, but never sent the money to the state pension fund.

The U.S. Department of Education has made a claim against the school district for not properly forwarding between \$25 million and \$30 million in federal funds to the Michigan Public School Employees Retirement System, DPS Emergency Manager Steven Rhodes said in an April 15 report to state Treasurer Nick Khouri.

[The Detroit News](#)

U.S. Pensions Solve New Debt Equation. Answers Vary by Billions

April 27, 2016, By Darrell Preston and Neil Weinberg

When Kentucky Governor Matt Bevin proposed his budget in January, he told lawmakers the teacher retirement system had \$13.9 billion less than needed to cover promised pension benefits. The state's audited financial statements earlier estimated the shortfall was about 55 percent larger, at \$21.6 billion.

The discrepancy for the pension that serves 122,000 current and former school workers didn't result from a secret investment windfall that slashed its debt. It's because of a gulf that emerged between official figures that are disclosed to municipal-bond investors -- and those states and cities can rely upon when deciding how much they need to pay into their retirement funds.

[Bloomberg](#)

Pension Envy: Lessons From Well-Managed Plans

April 28, 2016, By Liz Farmer

Public pension plans have gotten a lot of bad PR in recent years. And while some of that bad press is certainly warranted, it's wrong to assume they're all a failure. In fact, there are many plans across the country that are humming along fine.

Case in point: Missouri's Local Government Employees Retirement System, or LAGERS. Last year, a reporter for the *Springfield News-Leader* wanted to know why the city's pension plan was just 80 percent funded -- far below the fund's aggregate 94 percent funding level. LAGERS has the ability to compel payments from cities, so the reporter, Amos Bridges, wondered if the fund was letting Springfield off the hook.

[Governing](#)

Activists Have Declared War on Hedge Funds — and They Might Be Winning

April 28, 2016, By Michelle Celarier

When Henry Garrido, the executive director of the largest municipal employees union in New York City, learned a year ago what a raw deal investing in hedge funds had been for his union's pensioners, he couldn't restrain himself. In a fit of pique, Garrido suggested it wouldn't be wrong for his members to conclude that the system is rigged -- after a report by the New York City comptroller concluded that the pension fund had been lining the pockets of hedge-fund managers while the retirees were getting what Garrido termed "lousy" returns.

Just five days before New Yorkers went to the polls in bitterly contested presidential primaries defined by the widespread sense among voters that Wall Street is indeed "rigged," the New York City Employees

Retirement System, or NYCERS, where Garrido is a trustee, voted to pull its money out of all hedge funds. That amounts to about \$1.5 billion, or 3 percent, of a \$50 billion pension fund.

[New York Magazine](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Pensions should brace for lower neutral interest rates: Poloz

April 26, 2016, By The Canadian Press

Bank of Canada governor Stephen Poloz is recommending pension funds get ready for a new normal: neutral interest rates lower than they were before the financial crisis.

Poloz told a Wall Street audience Tuesday that the fate of neutral rates - the levels he said will prevail once the world economy recovers - remain unknown, but they will almost certainly be lower than previously thought.

[Macleans](#)

Japan Pension Fund Sticking to Its Guns Despite Stock Fall

April 26, 2016, By Eleanor Warnock

The new head of Japan's \$1.2 trillion national pension reserve fund applauded the central bank's efforts to lift inflation and said he would stick by the fund's move to a portfolio heavier in stocks.

The Bank of Japan has not lowered its 2% inflation target and the government has not backed down from beating deflation with fiscal policy, Norihiro Takahashi, president of the Government Pension Investment Fund, said in an interview Tuesday. The situation hasn't changed enough to warrant a review of our portfolio.

[The Wall Street Journal](#)

Lenders, Greece close to agree reforms, contingency steps need more work-EU

April 28, 2016, By Jan Strupczewski

Greece and its international lenders are almost in full agreement on a package of reforms that has been negotiated for months, but a set of contingency steps requested by euro zone ministers last Friday still needs work, a top EU official said.

Euro zone finance ministers pencilled in an extraordinary meeting on Thursday to sign off on the deal with Athens and discuss Greek debt relief, but the meeting was cancelled because of insufficient progress towards a deal.

[Reuters](#)

CEOs at 2 Iceland pension funds resign after being named in Panama Papers

April 28, 2016, By Sophie Baker

The CEOs of two Icelandic pension funds resigned after they were named in the so-called Panama Papers, said statements on each fund's website.

Kari Arnor Karason, CEO of the 178.4 billion Icelandic kronur (\$1.4 billion) Stapi pension fund, and Kristjans Arnar Sigurossonar, CEO of the 171.1 billion kronur Sameinaoa pension fund, resigned following their naming by Icelandic media in connection with the Panama Papers - a scandal surrounding the leaking of documents detailing offshore tax dealings.

Pensions & Investments

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