



Weekly Clips, May 13, 2016
Texas Pension Review Board
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PRB PLANS

Gov. Abbott appoints Three To Teacher Retirement System

May 6, 2016

Governor Greg Abbott has appointed John Elliott and Greg Gibson and reappointed Christopher Moss to the Teacher Retirement System of Texas Board of Trustees for terms set to expire August 31, 2021. The board manages retirement and other benefits for teachers and employees of the state's public schools and institutions of higher education.

[The Tribune](#)

Pension fund giants largely line up against Chipotle pay package

May 6, 2016, By Barry B. Burr

Three large pension funds have lined up to vote against Chipotle Mexican Grill Inc.'s pay packages for its co-CEOs and other top executives, while another plans to vote in favor.

The C\$282.6 billion (\$225 billion) Canada Pension Plan Investment Board, Toronto; the \$186.8 billion California State Teachers' Retirement System, West Sacramento; and C\$171.4 billion Ontario Teachers' Pension Plan, Toronto, all plan to vote their shares against the executive compensation, according to their proxy-voting disclosures.

The \$127 billion Texas Teacher Retirement System, Austin, plans to vote in favor of the compensation, according to its proxy-voting disclosure.

[Pensions & Investments](#)

Moody's downgrades Fort Worth debt on pension liability concerns

May 11, 2016 By Meaghan Kilroy

Moody's Investors Service downgraded the rating on Fort Worth's roughly \$680.8 million of outstanding parity limited tax debt to Aa2 from Aa1 on Tuesday, citing the Texas city's high unfunded pension liabilities and fixed costs.

The ratings agency also assigned an Aa2 underlying rating to a \$165.2 million general purpose refunding and improvement bonds issuance planned for later this month. Fitch Ratings gave the bonds an AA+ rating on Wednesday.

[Pensions & Investments](#)

TEXAS ECONOMIC INDICATORS

Strengthen the conservative Texas model

May 7, 2016, By Vance Ginn and Talmadge Heflin

Texas faces multiple economic challenges. These headwinds have slowed economic growth of what would be the world's 12th-largest economy, potentially leading to the state's first major recession in 30 years. This has contributed to another possible challenge - a tight state budget in the 2017 legislative session.

Fortunately, Texas's high level of economic freedom, diversified economy and pro-growth policies help weather these challenges and provide an environment conducive for Texans to prosper.

During the Great Recession and since, Texas has been America's jobs engine, creating 34 percent of all U.S. civilian jobs during the last eight years in a state with less than 10 percent of the nation's population. Texas has employed more net nonfarm jobs in 64 of the last 66 months, and created 152,300 private sector jobs during the 12 months ending in March.

[My San Antonio](#)

Obama's Methane Crackdown Rankles Texas Oil and Gas Industry

May 12, 2016, By Jim Walewitz

The U.S. Environmental Protection Agency on Thursday finalized a new set of rules aimed at battling climate change. This time, the agency is targeting the oil patch - with big implications for Texas, the nation's petroleum king.

The standards would slash emissions of methane, a gas that often leaks from well pads, compressor stations, processing plants and other equipment used in petroleum production.

[The Texas Tribune](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Teamsters pension fund to Congress: We need your help

May 9, 2016, By Jennifer Bjorhus and Jim Spencer

With the retirements of 407,000 people on the line, the Teamsters' Central States Pension Fund is appealing to Congress to help solve its dire financial predicament.

The \$16.1 billion fund holds retirement money for trucking industry workers and retirees across the country, including 22,000 in Minnesota.

After the U.S. Treasury on Friday rejected the pension's plan to cut retirement benefits, the head of the Central States fund said trustees haven't decided whether to file another rescue proposal. If they do, it would require far deeper pension cuts than those originally proposed, Central States executive director Thomas Nyhan said Monday.

[Star Tribune](#)

City Council unanimously puts pension tax vote on August ballot

May 10, 2016, By Jim Piggott and Kent Justice

All 19 members of the Jacksonville City Council voted Tuesday night to put a referendum on the August ballot, asking voters to approve a half-cent sales tax to pay off the city's multibillion-dollar pension deficit.

If passed by Duval County's voters, the sales tax currently funding the Better Jacksonville Plan -- the new Duval County Courthouse, downtown library, arena, Baseball Grounds, City Hall and other capital building projects -- would be replaced in 2030 with a tax dedicated to paying of more than \$2 billion in pensions for retired police, firefighters and other city employees.

The city's referendum will be co-sponsored by every member of the council.

[News4Jax](#)

US Treasury Advises Why Benefit Suspension Application Fails Under MPRA Multiemployer Pension Reform Act of 2014

May 11, 2016, By John F. Ring, Steven D. Spencer, Timothy P. Lynch, and David P. Ofenloch

The same day that it rejected Central States Pension Fund's benefit suspension application, the US Department of the Treasury explained to Congress its reasons for doing so. In a May 10 letter from Treasury Secretary Jacob J. Lew to congressional leaders with jurisdiction over the Multiemployer Pension Reform Act of 2014 (MPRA), the Treasury Department advised that Central States Pension Fund's application failed to meet several of the MPRA's technical requirements

[The National Law Review](#)

A House Bill To Help Puerto Rico Manage Its Debt Is Delayed... Again

May 11, 2016, By Laura Barron-Lopez

House lawmakers on Wednesday again delayed the release of legislation to help Puerto Rico restructure its \$70 billion in debt.

Rep. Rob Bishop (R-Utah), who chairs the House Committee on Natural Resources, had anticipated that the third draft of the bill would be ready Wednesday. But it became clear early in the day that that wasn't going to happen.

"We are making progress, but we are not there yet," said Rep. Raul Grijalva (D-Ariz.), Bishop's ranking member on the committee. "The situation in Puerto Rico is dire, but a bill that doesn't solve the problem, or doesn't pass, won't help anyone."

[Huffington Post](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Pension Realities

May 2016, By Mark Fundhouser

Public employee pensions have been under fire from the right for decades, and that war intensified with the onset of the Great Recession. The sharp drop in the stock market brought losses in asset values of as much as a third for some funds. This issue's cover story, by Daniel C. Vock and Liz Farmer, is about David Bronner, head of the Retirement Systems of Alabama. Bronner, who has run the state's pensions for more than four decades, comes across as supremely confident in his ability to continue to fend off critics and run his pension system as he sees fit. But I think that he, and other defenders of governments' traditional defined-benefit pensions, are misreading the situation.

Governing

Is your 401(k) plan treating you right?

May 6, 2016, By Scott Burns

Is that gift horse 401(k) plan you have a good deal? Have you examined its teeth?

Maybe it's time.

The issue is simple. This gift horse is one you may have to ride until you retire. When 401(k) plans were created 30 years ago, they were imagined as a supplement to pension plans. Today they are the main deal for retirement saving.

Workers now have the unwelcome task of saving for their old age. If they don't save enough, they may not be able to retire. Ditto if they make poor investment decisions.

The Dallas Morning News

Are State and Local Governments Really Underfunding Their Pensions? Yes, Really.

May 6, 2016, By Andrew Biggs

I recently wrote on the burden that government employee pensions impose on state and local government budgets. A group representing public pension administrators had claimed these plans are only a small cost because state and local governments spend only 4.1 percent of their budgets on pension funding. I argued that these costs are low only because state and local governments aren't really fully funding their pensions. Most governments aren't making their full actuarial contributions and, even if they did, the full contribution for a U.S. public pension is far lower than for a corporate pension or for public sector plans in other countries. If state and local governments had to fund using corporate pension rules, their contributions wouldn't be 4 percent of total government budgets but over 20 percent. Put another way, governments' contributions would rise from about 24 percent of employees' wages . an amount that is, by the way, around 8 times higher than the average private sector employer 401(k) contribution . to over 100 percent of employee wages. Ouch.

Forbes

Puerto Rico's Fiscal Fiasco Is a Harbinger of Mainland Woes

May 10, 2016, By Mary Williams Walsh

To tourists, Puerto Rico means piña coladas and sunbathing. To Puerto Ricans, it looks very different: The unemployment rate is over 12 percent, schools and hospitals are closing, and the government debt is so huge it makes Detroit's look modest.

Puerto Rico is now supposed to pay an unfathomable \$2 billion to bondholders on July 1 - which it cannot do - even as it accrues pension obligations to its workers and lets public works lapse. A relief bill is expected to be introduced in Congress on Wednesday, but even if it passes and works, the island will not be able to pull out of its financial tailspin for years.

[The New York Times](#)

Palm Beach council adopts pension overhaul for police, firefighters

May 10, 2016, By William Kelly

The Town Council voted Tuesday to boost pension benefits for public safety employees with the aim of improving recruitment and retention in the fire-rescue and police departments, where deep pension cuts enacted in 2012 triggered an exodus of workers.

The council voted 4-1 to abandon an unpopular hybrid plan. The town had continued to offer a sharply reduced traditional defined benefit plan while introducing a new defined contribution plan in which the town and employees pay into individual retirement accounts. Public Safety Director Kirk Blouin has said the employees didn't care about the individual retirement accounts so they were not effective recruitment or retention tools.

[Palm Beach Daily News](#)

N.Y. state comptroller looks to ease off hedge funds

May 11, 2016, By Rosa Goldensohn

The man holding the state pension fund's purse strings said Wednesday the system is likely to pare back its hedge fund investments, especially if fees aren't reduced.

While state Comptroller Thomas DiNapoli said the \$178.3 billion New York State Common Retirement Fund, Albany, would continue with so-called alternative investments, including in hedge funds, the combination of high fees and disappointing returns could lead the state to ease off.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Javid weighs £2.5bn trim for British Steel pension fund

May 11, 2016, By Jim Pickard and Michael Pooler

The government is planning to ringfence the British Steel pension fund and shave £2.5bn off its long-term liabilities in order to make Tata Steel more attractive to buyers.

The £15bn fund, which has 133,000 members, is one of the largest obstacles to the sale of Tata's 11 UK steel plants, which include the giant works at Port Talbot. The fund is currently an estimated £485m in deficit.

Tata Steel put its UK business on the market in late March and is expected to close it if no viable sale is completed by late June.

[The Financial Times](#)

Panic over Aussie pension rule changes is premature

May 12, 2016, By James Fernyhough

Fears that an overhaul of Australia's superannuation system will harm wealthy British expats are overblown, as the rules will not become law before the July general election, an expert has told FT Adviser.

If the opposition . which is currently leading in the polls . wins the election, the policy will be scrapped.

The new rules would introduce a \$500,000 (£255,000) lifetime cap on superannuation contributions, prompting fears wealthy British expats would be unable to transfer the full value of their pensions down under.

[FT Adviser](#)

ECB planning to collect data from European pension funds – BaFin

May 12, 2016, By Barbara Ottawa

Institutions such as the European Systemic Risk Board (ESRB) and the European Central Bank (ECB) are paying greater attention to the pension-fund sector, with the latter planning to exercise its right to collect data from schemes probably from 2018+, according to Dietmar Keller, head of occupational pensions at German regulator BaFin.

At the Willis Towers Watson's Pensionskassen Day in Frankfurt, some delegates said the ECB's decision to start collecting data was one way EIOPA's common methodology+ concept could be recommended for IORPs.

[Investment & Pensions Europe](#)

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