



Weekly Clips, July 8, 2016
Texas Pension Review Board
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PRB PLANS

Federal appeals court says Fort Worth didn't violate Texas Constitution in pension issues

July 1, 2016, By Sandra Baker

A federal appeals court Friday upheld two lower-court rulings that Fort Worth did not violate the Texas Constitution when it reduced benefits in its employee pension fund in 2012.

In a 2-1 vote, the Fifth Circuit Court of Appeals, based in New Orleans, affirmed the decisions of two U.S. District Court judges in Fort Worth in separate lawsuits filed by city firefighters and police officers. The judges dismissed the lawsuits in April and July of last year.

[Star-Telegram](#)

How Brexit Could Directly Affect Texas Teachers

July 7, 2016, By Jimmy Maas

Last fall, with little fanfare, the Texas Teachers Retirement System, or TRS, set up an office in London. That means that Britain's recent vote to leave the European Union could be felt a little closer to home for the states 1.4 million public education employees and retirees.

The hope was to be where the action is, so that the \$130 billion pension fund could be in the room for the best opportunities in Europe's private equity and other markets. Harold Evensky is chairman of wealth management firm Evensky and Katz in Lubbock.

[KUT.ORG](#)

TEXAS ECONOMIC INDICATORS

Comerica Bank sees Texas economy uptick

July 1, 2016, By Jon Prior

A Texas economy slowed down by a sluggish energy sector has shown signs of picking up for the first time since last fall, economists at Dallas-based Comerica Bank (NYSE: CMA) reported Friday.

The firm's Texas Economic Activity index increased in April for the first time since September 2015, but the outlook remains below where it averaged last year and in 2014. Oil prices have firmed near \$50 per barrel after bottoming out in February, Comerica Chief Economist Robert Dye said in a statement. The uptick in prices has led to the first signs of a stabilizing rig count as totals have increased each of the past four weeks.

[Dallas Business Journal](#)

Texas targets post-Brexit businesses: Move here

July 5, 2016, By Daniella Diaz

Texas has a message for London businesses that might suffer after Brexit -- move to the Lone Star State for the "freedom to prosper."

TexasOne, a nonprofit organization that does the marketing for the Texas' economic development office, announced Saturday it launched an ad campaign in London during the Fourth of July weekend urging business executives there to "declare independence from high taxes" and relocate to Texas following the U.K. referendum to leave the European Union.

[CNN](#)

Texas comptroller reveals economic impact of Fort Hood

July 6, 2016, By David A. Bryant

Texas Comptroller Glenn Hegar announced Wednesday that Fort Hood contributes \$35.4 billion to the Texas economy and supports about 200,000 Texans in some capacity, providing about \$12 billion in disposable personal income.

More than 60,000 soldiers and civilians are directly employed by the post and it is the largest single-site employer in the state, added Hager, who is the controller of public accounts and the chief financial officer for the state of Texas.

[Killeen Daily Herald](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Senators face off over bill to help retired coal miners

July 3, 2016, By Deirdre Shesgreen

For nearly two decades, David H. Dilly worked as a strip miner for Simco-Peabody's now abandoned mine in Coshocton, where he helped remove layers of soil and rock to unearth Ohio's rich coal beds.

Since being laid off in 2008, amid the global economic meltdown and a contraction in the coal industry, Dilly has received about \$300 a month in pension benefits.

Now, Dilly's retirement money is in jeopardy. The health and pension funds that Dilly and more than 100,000 other coal miners across the United States rely on are threatened with financial insolvency.

[USA Today](#)

Judge attempts to curb fireworks in pension lawsuit

July 5, 2016, By Brad Bowman

A Franklin Circuit judge attempted Friday to curb fireworks in the ongoing Kentucky Retirement Systems power grab between the Governor's Office and the pension system's defunct board of trustees.

Last Friday afternoon, Franklin Circuit Judge Phillip Shepherd issued an order for Attorney General Andy Beshear to file a separate suit against Gov. Matt Bevin's executive order abolishing the University of Louisville Board.

Beshear had attached a claim for relief onto the former KRS chair Tommy Elliott's and current board member Mary Helen Peter's lawsuit previously saying it scrutinized the same disputed power the governor had to abolish a board or commission.

[The State Journal](#)

Michigan Attorney General Will Not Represent Governor In Pension Case

July 6, 2016, By Rick Pluta

Michigan Attorney General Bill Schuette is the state's top attorney, but says he won't be Governor Rick Snyder's lawyer if he pursues a particular appeal.

It says the state owes roughly \$550 million to teachers for illegally withholding 3% of their paychecks to fund retirement health benefits that weren't guaranteed.

Andrea Bitely of the attorney general's office says the state isn't likely to win in the end, and if Governor Snyder wants to appeal, he'll have to go it alone. "In this case, we've reviewed the decision and made the determination that we will not be providing legal counsel," she said. Bitely says Schuette would name Snyder's choice from a private law firm to be a special assistant attorney general on the state payroll to deal with this specific case.

[WEMU](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Fidelity Just Made Buying an Index Fund Vanguard-Cheap

June 28, 2016, By Sarah Krouse

Money manager Fidelity Investments plans to slash prices on more than two dozen funds that track stock and bond indexes, a big concession to an industry shift toward cheap products.

The fees after the changes will be below or on par with those of low-cost pioneer Vanguard Group and Charles Schwab Corp. SCHW 0.90 %, another firm that offers ultralow customer expenses.

The discounts are part of a broader reduction in the price of investing as firms duel for increasingly cost-sensitive clients and undercut each other on price. The race to the bottom has forced some money managers to sell funds nearly for free.

[The Wall Street Journal](#)

Private Equity Funds Balk at Disclosure, and Public Risk Grows

July 1, 2016, By Gretchen Morgenson

It began last year as a promising push by a few states to require private equity firms that invest on behalf of public pension funds and university endowments to be more forthcoming. But the effort has hit a wall

as bills in California and Kentucky intended to shed light on fees and practices at these powerful firms have been either killed or watered down.

One of the bills proposed in California would have required only modest disclosures: the publication of a handful of pages from confidential limited partnership agreements. It was shot down.

[The New York Times](#)

States aim to fill pension gaps with "auto IRAs"

July 5, 2016, By Rosalyn Retkwa

With a push from AARP, a small but growing number of states are legislating "automatic IRAs" for the employees of their smaller businesses that don't offer a pension or 401(k).

Currently, an estimated 55 million Americans -- about half the workforce -- have no employer-sponsored retirement plan to supplement Social Security, said Sarah Myseiewicz Gill, AARP senior legislative representative. But if plans like Maryland's new auto-IRA, which mandates the automatic enrollment of any employee who works 30 hours or more for a company with at least 10 employees, were adopted nationwide, as many as 37.5 million Americans could be included, she said.

[CBS News](#)

Fitch Cuts Puerto Rico Bond Rating To 'D' Following Default

July 6, 2016, By Teresa Rivas

On Friday, Puerto Rico defaulted on \$779 million in general obligation bonds, and while the default is no surprise given the island's financial woes, it's still bad news, and has led to a downgrade from Fitch Ratings.

The credit rating agency cut Puerto Rico's Long-Term Issuer Default Rating (IDR) to 'D' from 'C' and general obligation (GO) bond rating to 'D' from 'C' after the default on Friday.

[Barron's](#)

Corporate pension funding ratios plunge in June to lowest reading in 2016

July 6, 2016, By Meaghan Kilroy

The funded status of U.S. corporate pension plans declined in June, the result of turbulent markets and rising liabilities following the Brexit vote, said reports from BNY Mellon and Mercer.

The funded status of the typical U.S. corporate pension plan declined 2.1 percentage points to 78.1% in June, the lowest month-end funded status in 2016, said the BNY Mellon Institutional Scorecard. Liabilities increased 4% over the month, the result of a 25-basis-point decrease in the discount rate to 3.66%, and outpacing a 1.5% increase in assets.

[Pensions & Investments](#)

The Future of the Central States Pension Fund

July 8, 2016

One of the United States' largest multiemployer pension funds is the Central States Southeast and Southwest Areas Pension Fund (Central States). Multiemployer pension funds are retirement plans funded by multiple employers through the collective bargaining agreement covering their respective workers. Central States provides pension benefits for the members of the International Brotherhood of Teamsters, where approximately 200,000 participants and beneficiaries currently receive benefits and

perhaps as many as 200,000 more could later become entitled to benefits. During the 1960s, Central States grew substantially and reached its height with the trucking industry boom. Since then, deregulation of the trucking industry and declining union membership have caused a significant decline in Central States membership, leaving fewer employers with unionized workers to fund the plan and many more individuals in retirement status receiving monthly benefits. This means that Central States has a lot of red ink, referred to as unfunded vested benefits.

[The National Law Review](#)

U.S. Job Growth Roars Back in June

July 8, 2016, By Ben Leubsdorf

U.S. employers ramped up hiring in June after a sluggish spring, signaling renewed momentum in the labor market that could quiet fears about a broader economic slowdown even as global market turbulence casts a shadow over the outlook.

Nonfarm payrolls rose by a seasonally adjusted 287,000 in June, the Labor Department said Friday, a strong rebound from May's pronounced weakness and the strongest month of hiring since last October. The figure was boosted by the end of a strike at Verizon Communications Inc. that the agency had said shaved about 35,000 jobs from payrolls in May.

[The Wall Street Journal](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Greeks See Wages and Pensions Slashed as New Round of Austerity Begins

July 2, 2016, By Philip Chrysopoulos

The summer of 2016 turns out to be another summer of discontent for Greek pensioners and wage earners who see their incomes slashed, as a new round of austerity begins after the imposition of the new bailout program measures.

It was exactly the same time last year (June 28) when Greeks found that the banks were closed and capital controls were imposed, continuing through today. This year, the end of June found wage earners and pensioners fuming or despairing in front of the ATM when they saw that their bank balances were lower than anticipated. And for hundreds of thousands of pensioners, the amounts were significantly less, even 48 percent lower in some cases.

[Greek Reporter](#)

U.K. Pension Fund Deficit Likely to Hit Record as Brexit Turmoil Squashes Bond Yields

July 4, 2016, By Mike Bird

As the dust settles after the U.K.'s vote to exit the European Union, there's already one clear loser from the market turmoil: pension funds.

Some investors have profited from the fallout, but those who rely on returns on long-term government bonds are not among them. Yields on sovereign debt tumbled in the aftermath of the June 23 Brexit referendum, as investors bolted in favor of assets with a reputation for safety.

The good news from falling yields is that it's even less costly for governments to borrow money. But pensions funds, which need to find long-term assets that match liabilities due decades into the future, are on the less advantageous end of that trade.

[The Wall Street Journal](#)

Stock Losses Force World's Biggest Pension Fund Into More Buying

July 5, 2016, By Anna Kitanaka and Shigeki Nozawa

Battered Tokyo stock investors may find savior in an old friend: the world's biggest pension fund.

Because shares held by Japan's \$1.4 trillion Government Pension Investment Fund have suffered such large losses, it will need to add to those holdings to meet targets for their weighting, while selling sovereign bonds whose value has soared. Morgan Stanley MUFG Securities Co. estimates that, assuming no re-weighting was done since Jan. 1, GPIF will need to buy 4.2 trillion yen (\$42 billion) of local stocks and sell 9.8 trillion yen of Japanese government bonds to reach its goals. The brokerage didn't give a time frame for this buying.

[Bloomberg](#)

Loss of London makes deeper EU capital markets 'more urgent'

July 6, 2016, By Rachel Fixsen

The task of deepening the European Union's (EU) capital markets has now become more pressing, since the UK referendum result has raised the prospect of London's financial centre residing outside the EU, the successor to outgoing British EU Commissioner Jonathan Hill has said.

Vice-president of the European Commission Valdis Dombrovskis told the committee on economic and monetary affairs (ECON) of the European Parliament in Strasbourg today: "The possibility of Europe's largest financial centre moving outside the EU makes the case for deeper capital markets across the EU all the more urgent."

[Investment & Pensions Europe](#)

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