



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

Straus Appoints Wyatt To ERS Board

July 25, 2016

Texas House Speaker Joe Straus has appointed Jeanie Wyatt of San Antonio to the Employees Retirement System of Texas Board of Trustees.

A Chartered Financial Analyst, Wyatt is the CEO and Chief Investment Officer of San Antonio-based South Texas Money Management (STMM). Prior to founding STMM, she was Executive Vice President and head of Frost Investment Services (Cullen/Frost Bankers, Inc.) She was responsible for the investment areas of nine trust departments around the state with approximately \$13 billion in assets.

[Texas Insider](#)

TEXAS ECONOMIC INDICATORS

Comptroller: Texas lags nation in job growth

July 25, 2016, By Peggy Fikac

The slumping energy industry is dampening Texas' economy just as lawmakers face a new obligation to pour billions of dollars into transportation, the state comptroller told legislative leaders Monday.

However, Texas Comptroller Glenn Hegar did not sound the alarm in his presentation to the Legislative Budget Board headed by Lt. Gov. Dan Patrick and House Speaker Joe Straus, R-San Antonio.

The state still has a cushion of money left unspent by lawmakers when they last met in 2015, and it is in a better position than a number of other energy states, Hegar said.

[Houston Chronicle](#)

Exxon Mobil, Saudis look to create petrochemical venture in Texas

July 25, 2016, By Jordan Blum

Exxon Mobil Corp. and a company owned by the government of Saudi Arabia are proposing to build a multibillion-dollar petrochemical complex along the Gulf Coast, the first U.S. joint venture for two of the world's biggest energy juggernauts.

Exxon Mobil and the Saudi Arabia Basic Industries Corp., known as SABIC, said Monday that they're considering sites in Texas and Louisiana to take advantage of cheap and abundant natural gas supplies in Texas and beyond. Natural gas is used as the primary feedstock for local petrochemical plants.

Exxon Mobil and SABIC, which have partnered for more than three decades in Saudi Arabia, are looking in Victoria as well as the Corpus Christi area, specifically San Patricio County, Exxon spokeswoman

Margaret Ross said. In Louisiana, talks have begun with officials in Ascension and St. James parishes, both of which are between Baton Rouge and New Orleans.

[Houston Chronicle](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Faced with early retirements, NC lawmakers extend pension law

July 24, 2016, By Jonathan M. Alexander

State lawmakers have enacted changes to the pension system that will allow some highly paid employees to continue working without the threat of losing a portion of their retirement income.

The changes could also deflate a growing battle between public employers and the state retirement system over who should pay the cost of pension bills for highly paid employees whose impending retirements were triggering two pension caps.

[The News & Observer](#)

Hatch to Lead Congressional Task Force on Puerto Rico Growth

July 26, 2016, By Michelle Kaske

U.S. Senator Orrin Hatch, the chamber's most senior Republican, will serve as chairman of an eight-member panel of Congressional members that will review federal laws and programs to improve Puerto Rico's economy.

The Congressional Task Force on Economic Growth in Puerto Rico is part of legislation enacted on June 30 to deal with the commonwealth's \$70 billion debt crisis. House Speaker Paul Ryan appointed Hatch as chairman of the committee on Monday, according to the U.S. House website. Hatch, 82, serves as chairman of the Senate Finance Committee and was elected to the Utah seat in 1976.

[Bloomberg](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Why Pensions' Last Defense Is Eroding

July 25, 2016, By Timothy W. Martin

Long-term returns for U.S. public pensions are expected to drop to the lowest levels ever recorded, portending deeper pain for states and cities as a \$1 trillion funding gap widens.

Twenty-year annualized returns for public pensions in the U.S. are poised to decline to 7.47% once fiscal 2016 results are released in coming weeks, according to an estimate from Wilshire Trust Universe Comparison Service, which tracks pension investment returns.

That would be the lowest-ever annual mark recorded by Wilshire, which began tracking the statistic 16 years ago. In 2001, near the height of the dot-com boom, pensions' 20-year median return was 12.3%, according to Wilshire.

[The Wall Street Journal](#)

Congress must address public pension plan unfunding

July 25, 2016, By Sheila Weinberg

According to an April 2014 Gallup poll, 59% of Americans worry they won't have enough money for retirement. As someone who researches and analyzes government financials, I worry about retirement benefits - especially pensions - that governments have promised to their employees, including teachers.

Last year, our research showed that for fiscal year 2014, states had a total of \$80 billion of reported unfunded pension liabilities, but states' actual pension debt was \$628 billion. The difference was a result of accounting rules that required states to hide the vast majority of their unfunded pension liabilities off their balance sheets. Now, state and local governments are starting to feel the pressure to come up with the money to pay these unfunded liabilities.

[Pensions & Investments](#)

Pension Problems: More Than 1/2 Of Denver Police Retirees Paid Incorrectly

July 26, 2016, By Brian Maass

CBS4 has learned that a review of monthly pension payments to older Denver Police Department retirees shows that well over half have been paid incorrectly, and may have been receiving overpayments or underpayments for years.

The review obtained by CBS4 shows out of 938 Denver police ~~old~~ hires, 421 were receiving overpayments of their monthly pensions, which they will not be required to repay. Another 171 were underpaid, according to the review, and 346 were receiving accurate monthly disbursements.

[CBS Denver](#)

Public pension returns could be worst in 15 years

July 27, 2016, By Amy Scott

Public pensions are having a rough time of it. Retirement plans for public employees, like teachers and police officers, are facing a \$1 trillion funding gap. Meanwhile, large U.S. pensions are expected to report their worst long-term results in 15 years.

The median annual return for public pensions, over 20 years, is expected to hit about 7.5 percent for the 2016 fiscal year, according to an estimate from Wilshire Trust Universe Comparison Service. That's down from more than 12 percent in 2001.

[Marketplace](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Risk-parity managers seeing promise in China

July 25, 2016, By Douglas Appell

Risk-parity managers have been planting their flags in China this year, and some observers expect volatility-battered investors on the mainland to prove receptive to the strategy's promise of steady, superior risk-adjusted returns.

On July 7, Boston-based PanAgora Asset Management Inc. announced a risk-parity-focused strategic tie-up with China Asset Management Co., a top fund management company in China with 526.6 billion renminbi (\$78.7 billion) in assets under management.

Pensions & Investments

Brexit Bulletin: What You Need to Know on Tuesday

July 26, 2016, By Simon Kennedy

Brexit's biggest supporters may now have a reason to regret their vote.

The 60 percent of Britons aged 65 and older who voted for Brexit . the highest of any age group . are now facing a worsening pensions funding gap, Bloomberg's Andre Tartar and Jill Ward report.

The combined deficits of all U.K. defined-benefit pension schemes, normally employer-sponsored and promising a specified monthly payment or benefit upon retirement, rose £80 billion overnight (\$105 billion) following the referendum to £900 billion, according to pensions consultancy Hymans Robertson. Since then the deficit has grown further, to a record £935 billion as of July 1.

Bloomberg

Money taken out of UK pensions more than doubles, says HMRC

July 28, 2016, By Monira Motin

The amount of money savers are taking out of their pensions has more than doubled in the three months to 30 June compared to the first quarter of the year, latest figures published by the UK's tax office show. .

The data from HM Revenue and Customs (HMRC) shows a massive 115% quarter-on-quarter increase in the numbers of people taking cash lump sums out of their pensions, with 159,000 people withdrawing a total of £1.77bn (" 2.11bn, \$2.32bn) via 256,000 payments, compared to 74,000 people taking out just £820m the previous quarter.

This also compares starkly with the last quarter of 2015 when just £800m was paid out to 67,000 people via 123,000 payments.

International Adviser

Japan pension fund loses \$50bn

July 29, 2016, By Robin Harding

The world's largest pension fund lost more than \$50bn last year as weakness in global stock markets weighed on Japan's Government Pension Investment Fund.

For the 12 months to March 2016, the GPIF said its return was minus 3.81 per cent, amounting to a loss of ¥5.31tn on its ¥135tn (\$1.3tn) in assets.

It is the first annual loss since the GPIF diversified its assets to take on more investment risk, creating a political headache for the government of Prime Minister Shinzo Abe.

The GPIF's more aggressive approach is a big part of Abenomics, aimed at boosting investment in Japan's economy and generating funds to pay a huge pension bill as the population ages.

[Financial Times](#)

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