



Weekly Clips, August 5, 2016
Texas Pension Review Board
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PRB PLANS

Houston Firefighters' Relief and Retirement Fund chair retires after 33 years

July 28, 2016, By Troy Blevins

The elected chair of the Houston Firefighters' Relief and Retirement Fund (HFRRF) is retiring after more than 33 years as a firefighter with the city of Houston Fire Department.

Todd Clark joined the Houston Fire Department in January 1983. He was elected chair of the HFRRF since January 2010.

"The most esteemed honor for me has been in serving the membership of the Houston Firefighters' Relief and Retirement Fund since first elected as a trustee (Position I) on the Board in 2006 and elected Chair since January 2010," Clark said in a statement to fund members.

KPRC

Dallas city employees' pensions soon could be less lucrative; here's why

July 30, 2016, By Tristan Hallman

Want to work for the city of Dallas? Better act fast -- the current retirement deal could be a limited-time offer.

Employee Retirement Fund officials hope to ask voters in November to curb future employees' pension benefits. The proposed changes, which must be approved by the City Council, come as the pension fund stares down hundreds of millions of dollars in unfunded liabilities.

The plan would only affect employees hired after Jan. 1. Roughly 7,500 city employees contribute 13 percent of their paychecks to the fund, which supports more than 6,700 retirees.

The Dallas Morning News

Dallas Police & Fire returns -12.6% in 2015

August 1, 2016, By Meaghan Kilroy

Dallas Police & Fire Pension System returned a net -12.6% for the fiscal year ended Dec. 31, said the \$2.8 billion retirement system's annual report released Friday.

Public defined benefit plans in MSCI's InvestorForce universe returned a median net -0.4%, by comparison, the report noted.

Global natural resources posted the highest return at 11% below that portfolio's custom benchmark return of 13.4%; followed by cash and short-term investments at 1.3%; global public equity, -0.7% (vs. its -4.9% benchmark return); global asset allocation -4.7% (vs. 5.8%); global infrastructure -4.7% (vs. 5.7%); global fixed income, -6.8% (vs. -2.6%); global private equity, -20.2% (vs. 3.4%); and global real estate, -31.7% (vs. 14.7%).

[Pensions & Investments](#)

TEXAS ECONOMIC INDICATORS

US Economy Sluggish, Though Texas' is Slightly Better

August 1, 2016

In the quarter ending on June 30th, the American economy grew less than 2%, and that's sluggish at best. So says SMU economist Dr. Bernard Weinstein, who says consumer spending was good, but an important aspect of a healthy economy is missing.

Primarily, the lack of business investment, said Weinstein. Even though the economy overall is doing reasonably well, businesses have been reluctant to invest in new plants and equipment.

[WBAP](#)

How will the Texas economy be affected by crude oil back below \$40 a barrel?

August 2, 2016, By Jeffrey Weiss

For Texans, the news that domestic crude oil closed Tuesday below \$40 a barrel for the first time in almost four months is a mixed bag: Not a shock to some analysts and more bad news than good.

The good news is easy to spot: the price for gasoline prices and other products based on petroleum will stay cheaper for consumers for a while. The bad news is more complicated: How much of a drag will it be on the Texas economy for a while? Will companies that depend on oil -- from the drillers to the restaurants drillers eat at -- slow hiring or cut jobs?

[The Dallas Morning News](#)

Secretary: Texas' diverse economy is something 'to be proud of'

August 3, 2016, By Chris Ramirez

Texas has long been synonymous with energy, but other industries are stepping up to secure its economy while crude oil prices take a beating, Texas Secretary of State Carlos H. Cascos said Wednesday.

Speaking at the Congressman Solomon P. Ortiz International Center, Cascos said Texas remains a more favorable place to do business than others, despite pressures on the global oil market.

"Texas recognizes that government isn't a job creator," he said. "It's people like you · big businesses, small businesses · that make the real difference."

[Caller Times](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Open government lawsuits against city, pension fund cost taxpayers more than \$2 million

July 31, 2016, By Eileen Kelley

By year's end the Jacksonville Police and Fire Pension Fund and the city of Jacksonville will have spent at least \$1.82 million in taxpayer money after being sued over public records- and meetings-laws violations. The city has been sued twice and the pension fund four times since 2010.

Throw in the 2,406.2 billable hours that attorneys for the city have expended defending its cases, and the total value of not following the state laws is more like \$2.16 million.

Times-Union Editor Frank Denton filed a lawsuit in 2013 against the city of Jacksonville, Mayor Alvin Brown and the Jacksonville Police and Fire Pension Fund's board of trustees after learning that the two governmental entities had met in secret some 70 miles away to hammer out pension benefits. No notices of the meetings were given to the public ahead of time. In fact, the public only learned about the meetings after a pension reform bill was put up for a City Council vote.

[First Coast News](#)

New Jersey's Pension Funding Push Is Collapsing

August 5, 2016, By Romy Varghese

The push to fully fund New Jersey government workers' pensions is in jeopardy amid a contentious clash between state employee unions and lawmakers that is leaving investors wondering what's next.

Lawmakers face a Monday deadline to authorize a ballot measure, which if approved by voters in November would require the state to pay what it owes to pension plans that have less than half of what's needed to cover obligations. Senate President Steve Sweeney, a Democrat and union official who sponsored the bill, said Thursday he won't put it up for a vote until he wins an agreement on transportation funding. He accused two unions of trying to illegally coerce the vote.

The constitutional amendment would put the state on track to make full actuarially required contributions by 2022 and cut the unfunded liability by \$4.9 billion over three decades. The quarterly payments would strain the state's cash flow, Moody's Investors Service and S&P Global Ratings said. Republican Governor Chris Christie, whose signature isn't required, has called the measure a "road to ruin" that would mandate massive tax increases.

[Bloomberg](#)

Rep. Mike Turzai: State pension fix needed

August 5, 2016, By State Rep. Mike Turzai

Everyone involved in the debate over Pennsylvania's public pension crisis needs to understand one, vital truth:

Pension reform isn't simply about saving money. It's about saving the pensions - benefits earned by thousands of public school teachers and state workers.

If we don't find a way to reduce the expanding debt around our public pensions, no contract will overcome the unforbearing laws of mathematics. It's this plain: without meaningful reform, both taxpayers and our retirees could be at risk.

[Pittsburgh Post-Gazette](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Low interest rates a growing threat to Social Security

July 28, 2016, By Harvard Zhang

Record-low yields on U.S. Treasury endanger the long-run solvency of Social Security and the future retirement benefits for younger generations of Americans, economists say.

Newer Treasury bonds held by the trust fund have been earning less for years, the consequence of sluggish economic growth and persistently low interest rates. The Federal Reserve has kept its benchmark short-term rate at or near zero for more than seven years in an effort to stimulate the economy.

Even with the Fed's extended easy-money approach, the U.S. economy has not grown fast enough to generate the necessary tax income to help fund all its responsibilities, including Social Security for current and future retirees.

[Market Watch](#)

DOL to Fund Research for Portable Retirement Program

July 29, 2016, By Lee Barney

The Department of Labor (DOL) is offering \$100,000 in grants to facilitate research into retirement plans for low-wage earners. The grants are being administered through the new Portable Retirement Benefits Planning grant program and are being overseen by the Women's Bureau.

These grants are a continuation of the U.S. Department of Labor's ongoing efforts to support innovation aimed at increasing the availability of retirement savings options and making such benefits more portable, says Sharon Block, senior counselor to the Secretary of Labor and principal deputy assistant secretary for policy at the DOL. Such efforts are critical to ensure that more Americans can enjoy retirement security in this changing economy.

[Plan Sponsor](#)

Tom Cullerton's initiative to end pension abuse signed into law

August 1, 2016

Between 2010 and 2014, 11 of Illinois' 15 major government pension funds made \$2.2 million in payments to more than 1,000 dead people.

State Senator Tom Cullerton's initiative to eliminate government waste, House Bill 6030, was signed into law Friday, which will require state pension funds to develop and implement a process to identify deceased pension recipients each month.

[Daily Herald](#)

Of Retirement Age, but Remaining in the Work Force

August 1, 2016, By Paula Span

Students will soon return to Manse Elementary School in Pahrump, Nev., so Judith Lister has been getting her kindergarten classroom ready, filling the bookshelves and arranging floor pillows for read-aloud time. She's about to tackle the bulletin boards.

I'm looking forward to it, but you have to be physically active, Ms. Lister said. Getting up off the floor is sometimes a trick. She has found that a rolling adjustable stool helps.

At 71, Ms. Lister isn't ready to retire. It's an increasingly popular decision: Older people are staying in the work force longer.

The New York Times

Actuarial leaders disband task force, object to paper on public plan liabilities

August 3, 2016, By Barry B. Burr

The American Academy of Actuaries and the Society of Actuaries Monday abruptly disbanded its longtime joint Pension Finance Task Force, objecting to a task force paper challenging the standard actuarial practice of valuing public pension plan liabilities.

This paper (is) being censored by the AAA and SOA, said Edward Bartholomew, who was a member of the former task force, in an interview. They didn't want it to get out.

Others who were members of the task force also said in interviews the two actuarial groups are trying to suppress publication of the paper.

A joint memorandum dated Monday announced the disbanding of the task force to its members.

Pensions & Investments

Public Pensions Facing Worst Returns Since Recession

August 3, 2016, By Liz Farmer

Public pension plans are reporting dismal investment returns this year, a development that will likely mean governments will have to pony up more money in the coming years.

So far, no major pension plan has reported a preliminary annual investment return of more than 1.5 percent. That's thanks to a volatile stock market that's seen wild swings spurred mainly by political and economic events abroad. Some smaller plans, such as the New Mexico Educational Retirement Board, have reported earnings as high as 2.6 percent. Still for many, this year marked their worst earnings year since the Great Recession.

The slim earnings for fiscal 2016, which ended June 30 for most plans, is well below the average earnings target of about 7.5 percent. It also marks the second year in a row that plans have missed the assumed rate of return: Most reported an investment gain between 2 percent and 4 percent in fiscal 2015.

Governing

International Paper Borrows Money To Pay Pension Obligation

August 3, 2016, By Vipal Monga

International Paper Co., a paper and packaging company, tapped the bond markets on Tuesday to help pay down its pension obligation. The company joins General Motors Co., which took similar steps in February, in taking advantage of low borrowing rates to cope with a surge in corporate pension liabilities.

Memphis, Tenn.-based International Paper borrowed \$2.3 billion in bond markets, and will use \$500 million of that to fund contributions to its pension plan, according to a company press release. International Paper had a pension benefit obligation of \$4.2 billion at the end of June, and has taken several steps this year to reduce the burden. It contributed \$250 million to the plan in the first half of the year, and paid \$1.2 billion to employees as part of a voluntary buyout plan during the second quarter.

[The Wall Street Journal](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Ireland's ITC expands into Malta with Qrops and EU-wide pension

August 2, 2016, By Monira Motin

The Dublin-headquartered firm confirmed to *International Adviser* that it has been granted a regulatory licence by the Maltese Financial Services Authority (MFSA) to operate a qualifying recognised overseas pension schemes (Qrops) alongside a pan-European workplace pension scheme.

Describing itself as one of the largest providers of self-administered pensions in Ireland, ITC said it had chosen to expand into Malta with a new office due to ~~its~~ developed pensions framework, its sound fiscal policies and its financial services infrastructure+.

Aidan McLoughlin, managing director of ITC International Pensions, said: ~~We~~ are delighted to be playing our part in the development of the European pension market.+.

[International Adviser](#)

China Ageing Finance Forum taps WorldPensionSummit founder as international expert

August 3 2016, By Douglas Appell

Harry Smorenberg was appointed an international expert to the China Ageing Finance Forum, or CAFF50, a Beijing-based think tank launched at the end of 2015 to provide independent research on financial well-being and aging-related issues to Chinese policymakers, among other goals.

Mr. Smorenberg, a founder of the WorldPensionSummit and a key figure behind the China Pension Forum sponsored by Beijing-based Renmin University, will also serve as co-chair of CAFF50's international summit, according to a news release Wednesday by the think tank.

[Pensions & Investments](#)

London councils set to merge pension funds

August 5, 2016, By Jonathan Williams

Two London councils are set to merge their pension funds, as they set out to collaborate on staffing and deliver £20m (" 34.9m) in savings.

The merger of the local authority schemes (LGPS) for Richmond upon Thames and Wandsworth council is the first to go ahead after the UK government proposed, and then abandoned, wide-spread scheme mergers as a way of bringing about scale within the sector.

[Investment & Pensions Europe](#)

UK government actuary says solvency plan needed for LGPS schemes

August 5, 2016, By Rachel Fixsen

The UK government actuarial department has raised concerns about pension funds within the Local Government Pension Scheme (LGPS) and whether they can continue with their current accrual rate, singling out two closed transport schemes.

In a ~~year~~ run+ report ahead of the 2016 round of statutory valuation of the 91 separate funds in the scheme, the Government Actuary's Department (GAD) signalled concern about two passenger-transport funds now closed to new entrants . the West Midlands Integrated Transport Authority Pension Fund and the South Yorkshire Passenger Transport Authority Pension Fund . about future solvency.

GAD said it was unaware there was any plan in place to ensure solvency for these two funds.

[Investment & Pensions Europe](#)

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