



Weekly Clips, November 10, 2016
Texas Pension Review Board
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PRB PLANS

Dallas voters easily approve reforms for city's civilian employee pension fund

November 9, 2016, By Naomi Martin

Voters on Tuesday approved cuts to the city of Dallas' civilian employee pension fund that officials say will help keep it afloat in coming years.

The cuts, which passed easily, are projected to eliminate about \$2.15 billion in pension fund liabilities over the next 30 years and help the city fully pay out the benefits that were promised to civilian workers. These workers don't contribute or receive Social Security. The city's Employee Retirement Fund, or ERF, is separate from the troubled Dallas Police and Fire Pension Fund, which faces insolvency within 15 years absent major reforms.

Dallas News

Dallas voters approve pension reform; San Jose votes to restore pension benefits

November 9, 2016, By Meaghan Kilroy and Randy Diamond

Dallas voters approved a ballot initiative to reform the \$3.3 billion Dallas Employees' Retirement Fund, while San Jose, Calif., voters approved a referendum that restores pension benefits on Tuesday.

The Dallas initiative, which applies only to employees hired on or after Jan. 1, reduces cost-of-living adjustments and survivor benefits, raises the retirement age to 65 from 60 and discontinues a monthly health benefit supplement of up to \$125. The COLA will be reduced to a maximum 3% from 5%. Dallas city code required that the changes be approved by residents, the pension fund board and City Council. It had already been approved by the board and City Council.

Pensions & Investments

TEXAS ECONOMIC INDICATORS

U.S. economy continues to churn out jobs; Texas on the mend

November 4, 2016, By Lydia DePillis

The U.S. economy delivered another month of solid job growth in October, continuing a long and steady expansion that is finally boosting the wages of American workers and even helping the sluggish Texas economy pick up the pace.

In its last report before the presidential election, the Labor Department said Friday that the economy generated 161,000 new jobs in October, the 74th consecutive month of job growth since the labor market began expanding near the end of 2010. Unemployment slipped to 4.9 percent while increased

competition for workers helped push wages up nearly 3 percent over the past year - the fastest rate of growth in seven years.

[Houston Chronicle](#)

Hegar: Texas' economic juggernaut keeps rolling

November 9, 2016, By Scott Kirk

The Texas economy remains a juggernaut despite a drop in sales tax revenue in 12 of the last 18 months, Texas Comptroller Glenn Hegar said Wednesday.

Hegar was the keynote speaker Wednesday at the 50th annual meeting of the West Central Texas Council of Governments at the Abilene Civic Center.

In fact, Hegar said, Texas rose from the No. 12-ranked economy in the world (if it was a sovereign nation) to No. 10.

[Reporter News](#)

From The Ground Up - "Texas Is Losing Farmers"

November 10, 2016

High interest rates in the late 1970s, ill-advised government policies, too much debt, and slumping commodity prices created what became to be known as the farm crisis of the 1980s. Some ag economists are warning that farmers may be facing the worst economic crisis since the downturn experienced by rural communities during that period. Joe Outlaw is the co-director of The Agricultural & Food Policy Center at Texas A&M.

[KBTX](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

First Fiduciary Rule Challenge Leads to Thorough DOL Victory

November 8, 2016, By Jacklyn Wille

The Department of Labor's fiduciary rule has received its first round of judicial scrutiny, and the result was a thorough victory for the department (*Nat'l Assoc. for Fixed Annuities v. Perez* , 2016 BL 369523, D.D.C., No. 1:16-cv-01035, 11/4/16).

On Nov. 4, a federal judge in Washington completely rejected one of the six pending lawsuits challenging the rule, which is aimed at reducing the supposedly conflicted investment advice given to retirement savers. The National Association for Fixed Annuities had asked for an injunction blocking the rule from being enforced, but the judge denied the request and went a step further by ruling for the department on each of NAFA's six challenges to the rule and the DOL's process for adopting it.

[Bloomberg BNA](#)

Fiduciary Rule Could Be Up for Substantial Changes

November 9, 2016, By Sean Forbes

The Department of Labor's final rule holding all financial advisers handling retirement accounts to a fiduciary standard could be off to a rocky start under a Donald Trump administration.

Advisory firms have already poured hundreds of millions of dollars, if not more than \$1 billion, into preparing for the rule's effective date on April 10, Bradford P. Campbell, counsel at Drinker Biddle & Reath LLP, in Washington, told Bloomberg BNA. Industry commenters have established a pretty good record that the effective date was too aggressive, so Trump could give the industry more time to get ready.

[Bloomberg BNA](#)

New treasurers elected in 3 states; amendments approved that affect pension funds

November 9, 2016, By Hazel Bradford

Tuesday's election resulted in three new state treasurers that have oversight of retirement programs in their states and the passage of amendments in three states that will have an effect on state pension funds.

Republican Dale Folwell won the election Tuesday to be North Carolina's next treasurer, a job that includes serving as sole trustee of the \$87.6 billion North Carolina Retirement Systems, Raleigh.

Mr. Folwell, the first Republican state treasurer since 1876, defeated bond attorney Dan Blue III, a former Bear Stearns Cos. Inc. investment banker, with nearly 53% of the vote.

[Pensions & Investments](#)

Voters approve 'housekeeping' changes to Knoxville city pension

November 10, 2016, By Steve Ahillen

Knoxville voters overwhelmingly approved three minor changes to the municipal pension system Tuesday, most of which reflect changes to state and federal laws.

The city has called the changes housekeeping, but required amendments to the city's charter. With 91 percent of precincts reporting Tuesday evening, all three amendments passed with between 81 and 85 percent of the vote in unofficial results.

Amendment 2 will make it easier for divorced parties to equally divide their marital property. The state in 2015 changed the Tennessee law, and the city moved in step to allow the city's Pension Board to make payments to a former spouse or child in accordance with judicial orders issued in a divorce.

[Knoxville News Sentinel](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

How to Fix a Retirement Plan at a School or Nonprofit

November 4, 2016, By Ron Lieber and Tara Siegel Bernard

If you work for a school or nonprofit of any sort, there is a decent chance that your workplace retirement savings plan is not as good as it could be - if you are lucky enough to have one at all.

While employees of universities and big hospitals often have reasonably attractive plans, public schoolteachers, charity workers and many employees of religious organizations who examine their retirement accounts frequently find that the investment choices are mediocre and the fees are too high. Earnings in these 403(b) accounts can suffer badly enough over a career that the people who own them could end up having to delay retirement for years or live on much less than they otherwise would have.

[The New York Times](#)

State and city budget blues: Pressures keep piling up

November 7, 2016, By the Associated Press

It's not just Detroit and Puerto Rico with financial problems.

The pressure is rising on local governments around the country that are struggling with big pension obligations and other debts. Five states need to put aside more than 25 percent of their annual tax revenues just to pay pensions and other debts, an untenable amount, according to a recent study by the nonprofit Center for Retirement Research. For major cities, debt costs above 40 percent of revenue are typically an unmanageable burden, and the report counts eight of them.

[The Brownsville Herald](#)

FL Mayor Proposes Eliminating Fire, Police Pensions

November 8, 2016, By David Bauerlein

Jacksonville police, firefighters and corrections officers hired in the future would not be offered pensions under a plan unveiled Friday by Mayor Lenny Curry.

Curry's pitch for ending pensions of public safety workers means he wants the city to get out of offering pensions for all future city employees, a position that would make Jacksonville among the few cities of any size in Florida taking that approach.

[Firehouse](#)

Kentucky identifies 12 hedge funds to cull as part of plan to halve the portfolio size

November 9, 2016, By Meaghan Kilroy

The investment committee of the \$15 billion Kentucky Retirement Systems, Frankfort, recommends eliminating 12 direct hedge fund investments and reducing its allocation to hedge fund-of-funds manager KKR Prisma by roughly \$300 million by July 2019, said David Peden, chief investment officer.

David L. Eager, interim executive director, told *Pensions & Investments* earlier this month that the investment committee approved redeeming \$800 million of its total \$1.5 billion hedge fund investments by July 2019 to simplify investments, improve liquidity and transparency and cut fees.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Chile Faces Growing Pressure to Scrap Private-Pension Model

November 4, 2016, By Ryan Dube

Opponents of Chile's private-pension system stepped up pressure on the government to scrap the once-vaunted model, launching another round of nationwide protests on Friday that resulted in roadblocks and torched buses.

Deputy Interior Secretary Mahmud Aleuy said burning tires used to block streets in Santiago were cleared by police, and authorities would charge protesters who set fire to two public-transit buses.

[The Wall Street Journal](#)

Hong Kong to hold international pension forum for first time

November 6, 2017, By Enoch Yiu

The International Organisation of Pension Supervisors, the global body with the aim of improving private pension systems worldwide including the Mandatory Provident Fund in Hong Kong, will hold a forum in the city for the first time.

The forum, which is held three times a year, aims to allow pension regulators and industry players to exchange their views and share their experiences.

[South China Morning Post](#)

Pension Fund With \$54 Billion Seeks Private-Equity Scouts

November 7, 2016, By Adam Haigh and Ruth Liew

Australia's second-biggest pension fund is expanding its private-equity team as it plans to boost returns at a time of high valuations in stocks and low bond yields.

MLC Ltd., which oversees more than A\$70 billion (\$54 billion) in pension assets, is looking to hire two PE fund managers who will be based outside Australia and will scout for investment opportunities, according to Chief Investment Officer Jonathan Armitage. This comes after David Seebold, who was previously in the Sydney PE team, was posted to New York as MLC looks to spend a cash pile that's at the highest level since the financial crisis in some of its portfolios, Armitage said.

[Bloomberg](#)

Canada's Biggest Pension Fund Generates 4.75% Quarterly Return

November 10, 2016, By Judy McKinnon

Canada's biggest pension fund generated a net investment return of 4.75% in its fiscal second quarter, fueled by gains across public markets and private-equity and credit assets.

Canada Pension Plan Investment Board said Thursday that net assets for the fiscal quarter ended Sept. 30 totaled 300.5 billion Canadian dollars (\$225 billion), up from C\$287.3 billion at the end of its fiscal first quarter.

The C\$13.2 billion increase consisted of investment income of \$13.6 billion, offset by C\$400 million of pension plan cash outflows, it said.

[The Wall Street Journal](#)

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