



PRB PLANS

Watchdog could have muted Dallas pension drama

January 9, 2017, By Pensions & Investments

Dallas risks becoming the new Detroit or Puerto Rico from its exposure to unfunded pension liabilities.

The Dallas Police & Fire Pension System has asked the city of Dallas for \$1.1 billion to be contributed in 2018 to help bail out the system by reducing the underfunding. For the city, that amount nearly equals the current fiscal year's estimated \$1.2 billion in general fund revenues to finance the operating budget.

But even that contribution would barely close the funded gap, leaving a substantial shortfall in the funded status of the system, now with \$2 billion in assets and \$6 billion in liabilities. The system is projected to run out of funds in 2027 without adoption of proposed reforms that would push back a reckoning to 2030, but those reforms were rejected in December. Neither scenario creates much reason for optimism for the system's sustainability.

Pensions & Investments

Investors quick to cut managers not performing

January 9, 2017, By Christine Williamson

The numbers are in: 2016 was a bad year for poor hedge fund performers as institutional investors expressed dissatisfaction by redeeming and redeploying assets with other managers.

Redemptions were up 82% in 2016 to a total of \$10.3 billion, compared with \$5.7 billion the prior year, showed analysis of the hedge fund and hedge fund-of-funds investment activity of asset owners as reported by *Pensions & Investments* throughout the year.

Pensions & Investments

Credit ratings agency warns Dallas, pension fund to find a fix or face massive downgrade

January 9, 2017, By Robert Wilonsky

For the first time in a long time, a credit ratings agency issued a statement that said it's not going to lower Dallas' rating - for now.

But in its statement Monday, Fitch Ratings said that if City Hall and the Dallas Police and Fire Pension System can't agree on a fix for the failing pension fund that will pass muster with the state Legislature, a drastic drop looms in the future.

Dallas News

Dallas Mayor Wants Someone to go to Jail Over Pension Disaster

January 9, 2017, By Eric Boehm

The retirement fund for firefighters and police officers in Dallas is more than \$5 billion in the red, and Mayor Mike Rawlings thinks someone should have to go to jail for messing things up so badly.

"As I have learned more in recent years and months about how the [DPFP] reached its current crisis, I have come to believe the conduct in question may rise to the level of criminal offenses," Rawlings said in a statement posted to his official Facebook page last week. "Anyone brazen enough to commit crimes that harmed those who sacrifice so much to keep our city safe must be brought to justice."

Reason

It might be too late for the Dallas Police and Fire Pension System, but here are 4 things other pensions should do

January 10, 2017, By Michael Granof

As if Dallas first responders don't have enough to worry about, those who have pledged their lives to protect the city now find their own retirement system bleeding funds. Fearing there will be insufficient assets to pay their promised benefits, Dallas Police and Fire Pension System participants began pulling their money out at unprecedented rates, a virtually unheard of run on a pension fund.

Dallas News

City of Dallas Employees' Pension Had a Pretty Decent Year, I Guess

January 10, 2017, By Tim Rogers

The pension for the city of Dallas employees (aka the Employees Retirement Fund) put out a press release a bit ago crowing about their 2016 numbers. You can read the full release below. Net of fees, the ERF did 9.08 percent last year. Pretty good little year. Of course, if they had taken the entire \$3.2 billion fund, bought an ETF tied to the Dow Jones Industrial Average, and reinvested the dividends, they would have gotten about a 16 percent return. [*checks 401(k) statement from last year, decides to shut mouth, just post ERF press release*]

D Magazine

Troubled Dallas pension in debt talks with Bank of America

January 11, 2017, By Jon Prior

The troubled Dallas Police and Fire Pension system is in talks with Bank of America about restructuring or extending roughly \$130 million in outstanding debt owed to the bank.

The pension is in danger of falling into insolvency in the next 10 years because of an estimated \$3.3 billion funding gap. The problem, along with a multi-billion-dollar lawsuit over emergency worker back pay, could send the city spiraling into bankruptcy and threaten its blossoming economy. The state is launching a criminal investigation into the previous administration's handling of the pension's finances.

Dallas Business Journal

S&P once again downgrades Dallas' bond rating over pension fears

January 11, 2017, Tristan Hallman

Another credit ratings agency has downgraded Dallas' debt because of concerns about the police and fire pension system.

S&P Global Ratings announced Wednesday that it had lowered Dallas' general obligation debt to an AA-rating. The ratings agency also dropped the rating of Downtown Dallas Tax Increment Financing debt and the city's convention center hotel bonds to A-.

Dallas News

Dallas Employees returns 9.08% in 2016

January 11, 2017, By Meaghan Kilroy

Dallas Employees' Retirement Fund returned a net 9.08% return for the fiscal year ended Dec. 31, below its benchmark return of 10.3%, said materials prepared for Tuesday's board meeting.

Among the various asset classes, public real assets returned 23.07%; high-yield bonds, 14.25%; domestic equity, 13.38%; global low volatility, 8.3%; global equity, 5.52%; international equity, 4.89%; real estate, 4.83%; private equity, 4.26%; global fixed income, 3.89%; and managed short-term cash, 0.3%.

Pensions & Investments

Police Retirees Organize to Fight in Dallas Pension Crisis

January 11, 2017, By Ken Kalthoff

Dallas police retirees have formed their own association to fight for promised benefits as the city's public safety pension crisis flares up.

The parking lot and side streets were jammed with cars for a special meeting of the new association Wednesday.

Former Dallas Police Sergeant Pete Bailey said Dallas voters have supported public safety benefits in the past and he believes they would support a tax increase now to avoid asking retirees to repay benefits already received.

NBC DFW

Houston pension fix highlights Dallas struggles

January 12, 2017, By Charlotte Huffman, Jason Trahan and Mark Smith , WFAA

The Dallas police and fire pension system crisis continues to drag down the city's credit rating and torpedo morale among first responders.

But Dallas isn't alone. Cities across the United States are struggling with huge financial shortfalls in public employee pension funds.

What does Dallas need to do to fix its problem?

KHOU

Dallas Police and Fire Pension System to reopen DROP withdrawals, maybe

January 12, 2017, By Tristan Hallman

Retired Dallas police and firefighters will soon be able to pull some money out of their lump-sum pension accruals.

Maybe.

The pension system board on Thursday unveiled a new, complicated policy for the withdrawals to cries of unfairness by angry retirees and objections from City Council members. Some board members defended the restrictions, noting that they're trying to be fair but that they have to protect a fund that is set to run out of money within the next decade.

[Dallas News](#)

Angry Retirees Win Police and Fire Pension Concessions

January 12, 2017, By Ken Kalthoff

Angry retirees won concessions from the troubled Dallas Police & Fire Pension Fund Thursday over strong objections from Dallas City Council members who serve on the pension board. All of it is still subject to court approval.

The fund administrator proposed resuming withdrawals from Deferred Retirement Option Plan (DROP) savings accounts, which are currently frozen by a judge, but limiting them to \$3,000 a month starting in March.

[NBC DFW](#)

TEXAS ECONOMIC INDICATORS

The Texas economy slowed to a crawl in 2016

January 9, 2017, By Lydia DePillis

We learn a lot of things from the biannual revenue estimate released by the Texas Comptroller on the eve of every legislative session, including how much money the state has and where it comes from. This year, the picture isn't pretty: The state has 2.7 percent less to spend than it did over the last two-year budgeting cycle.

For Texanomics' purposes, however, the most interesting bit is what it says about the regional economy - and in 2016, the economy seems to have barely grown at all.

[Houston Chronicle](#)

Oil Bust Seeps Into Texas Budget

January 9, 2017, By Dan Frosch

Oil and gas markets are beginning to bounce back, but a protracted downturn will have a marked impact on Texas budget over the next two years, state finance officials said Monday.

Texas available revenue for 2018 and 2019 is projected to drop by 2.7%, compared with the current two-year budget period, state comptroller Glenn Hegar said in a financial forecast for Texas lawmakers before they convene Tuesday for the state legislative session.

[The Wall Street Journal](#)

Economists: Texas economy to pick up in 2017, but modestly

January 11, 2017, By Dan Zehr

The Texas economy and labor market should grow a little sunnier this year, but a few of the dark clouds that gathered in the past two years will linger into 2017, according to economists at the Federal Reserve Bank of Dallas.

Texas employers should expand payrolls by 2 percent this year, about 242,000 jobs, senior economist Keith Phillips said this week in San Antonio. While far lower than the state's long-run average, which typically exceeds national job growth rates, the job gains in 2017 are expected to surpass the estimated 1.6 percent annual growth rate through November of last year.

[My Statesman](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Another Ruling Says Pension Set at Hire Can Be Cut

January 9, 2017, By Ed Mendel

A second appeals court panel has unanimously ruled that the public pension offered at hire can be cut without an offsetting new benefit, broadening support for what pension reformers call a "game changer" if the state Supreme Court agrees.

The *new ruling* on Dec. 30 in a state firefighters suit on pension-boosting "airtime" purchases made several references to a groundbreaking *ruling last summer* in a Marin County pension "spiking" suit.

"The law is quite clear that they are entitled only to a reasonable pension, not one providing fixed or definite benefits immune from modification or elimination by the governing body," wrote Justice Martin Jenkins.

[Public CEO](#)

Fiduciary Rule Could Soon Be Delayed By Congress

January 9, 2017, By John Manganaro

A new bill introduced to halt the implementation of the Department of Labor (DOL) fiduciary rule offers a dramatic contrast to the complicated rulemaking due to take effect in April, running less than 200 words in total compared with thousands of pages of rule language.

The measure stands before the House Ways and Means Committee; it provides simply for a two-year delay in the effective date of the rule—ostensibly to give Congress more time to dismantle the conflict of interest rule entirely. Given the recent shift in political power, it stands a much better chance of passage than previous attempts to influence the DOL and could in fact spell the end of the road for the longstanding effort to revamp advice standards under the Employee Retirement Income Security Act.

[Plan Sponsor](#)

SC Treasurer Loftis removed from pension system's oversight

January 10, 2017, By Cassie Cope

A House-Senate panel tasked with addressing the state's ailing pension system Tuesday approved limiting S.C. Treasurer Curtis Loftis' involvement in that system.

Loftis, who long has railed against the pension system's failings, ripped the move, saying legislators were putting oversight of the system in the hands of those who have piled up billions of dollars in unfunded liabilities.

The State

Illinois Senate sends Chicago pension reform bill to governor

January 10, 2017, By Meaghan Kilroy

The Illinois Legislature approved Monday a bill to help shore up Chicago's municipal and laborer pension funds.

The measure passed the Senate by a 41-0 vote on Monday, the first day of the two-day lame-duck session. It passed the House by a 91-16 vote Dec. 1, the final day of the fall session.

The bill is intended to improve the pension plans' funding ratios to 90% each by 2057 through increased city contributions and higher contributions for certain employees.

Pensions & Investments

Puerto Rico Catholic School Teachers Win Round in Pension Suit

January 11, 2017, By Carmen Castro-Pagan

Puerto Rico Catholic school teachers survived a first attempt to dismiss a proposed class action that alleges the administrators of their pension plan mismanaged their retirement assets and failed to comply with ERISA (*Martinez-Gonzalez v. Catholic Schs. of the Archdioceses of San Juan Pension Plan* , D.P.R., No. 3:16-cv-02077, report and recommendation 1/9/17).

The main issue in the case is whether the Catholic schools' pension plan is subject to the Employee Retirement Income Security Act or exempt from the federal law as a church plan. Pension plans that qualify for ERISA's church-plan exemption don't have to comply with certain obligations, including disclosure and funding requirements under the federal law.

Bloomberg BNA

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

For Millennials, It's Never Too Early to Save for Retirement

January 6, 2017, By Zach Wichter

You have probably heard it yourself: the impression that millennials are financial freewheelers. The theory goes that today's 20- or 30-somethings spend with little regard for savings and even less regard for retiring.

Retirement planning experts say that this assumption isn't entirely accurate - though it is perennially true that most young adults don't make retirement savings a financial priority. But, as the experts point out, millennials are in an ideal position to get started, because whatever they set aside will grow and accrue interest greatly over time.

[The New York Times](#)

Older Americans Are Retiring in Droves

January 6, 2017, By Luke Kawa

More and more baby boomers begin the new year with nothing on their schedule but plans to golf, travel, and spend more time with the grandkids.

The number of Americans aged 65 or older without a disability that aren't in the labor force rose by 800,000 in the fourth quarter of 2016, marking the resumption of a long-standing trend: the exodus of their generation from the work force and into retirement.

[Bloomberg](#)

Hawaii Pension Fund Shortfall Hits \$12 Billion

January 10, 2017, By Nathan Eagle

Hawaii lawmakers are set to open the 2017 session on Jan. 18 with millions of dollars in projects and services on their respective wish lists. But the budget is getting whacked before they even begin.

They learned last week that the state is expecting to collect roughly \$155 million less in tax revenues than expected.

And this week they found out that the state pension system, which covers more than 120,000 public employees and retirees, is not coming close to meeting its financial goals.

[Civil Beat](#)

Pension Fund Projections Could Be Too Rosy

January 11, 2017, By Loyd Dunkelberger

White Florida has a financially healthy state pension fund, a new report from the Department of Management Services warns the \$144 billion system is relying on a projected investment return that independent financial consultants say is too optimistic.

State analysts lowered the projected rate of return to 7.6 percent in October, down from 7.65 percent.

[WJCT](#)

University of Kentucky claws back public, hedged equity in new asset allocation

January 11, 2017, By Meaghan Kilroy

University of Kentucky, Lexington, made changes to the target asset allocation of its \$1.2 billion endowment, said Todd Shupp, chief investment officer.

The new targets, approved by the university's investment committee in December, are 20% each public

equity and diversifying strategies; 15% private equity; 10% each public real assets, private real assets and high-quality/rate-sensitive strategies; and 5% each hedged equity, public credit and private credit.

[Pensions & Investments](#)

State contribution to CalPERS to rise by \$524 million next year

January 12, 2017, By Randy Diamond

California will contribute \$5.3 billion to CalPERS for the fiscal year starting July 1, up 11% from the current fiscal year, shows a proposed budget by Gov. Edmund G. Brown Jr.

The state contribution increase is \$524 million, which includes \$172 million as a result of the CalPERS board's decision in December to reduce the \$305.5 billion pension fund's assumed rate of return to 7.375% from 7.5%, beginning in July.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Aviva to partner with LinkedIn in hunt for forgotten pensions

January 10, 2017, By Monira Matin

According to The Times newspaper, Aviva will trial a scheme with LinkedIn which will help users trace pensions they have built up with previous employers.

The move has been described as the UK's "biggest treasure hunt".

The insurer predicts that around one in eight people had lost track of their pensions, equivalent to 2.5 million policies, while the UK government estimates there is £400m ("462m, \$487m) of unclaimed pension savings in the country.

[International Adviser](#)

A Scandal at Korea's Retirement Giant

January 11, 2017, By Bruce Einhorn and Heejin Kim

With 546 trillion won (\$456.5 billion) in assets, South Korea's public National Pension Service is the world's third-largest pension fund, behind Japan's and Norway's. It's also become a part of the widening scandal surrounding impeached President Park Geun-hye.

On Dec. 31, a Seoul court issued a warrant for the arrest of Moon Hyung-pyo, chairman of the NPS. He was suspected of having pressured the fund, when he was a government minister, to support the controversial merger of two Samsung Group-affiliated companies. Moon's lawyer said the chairman denied the allegations, according to reports in Korean media. Authorities also want to know whether Samsung made donations to benefit a confidante of the president in exchange for help getting NPS support. Jay Y. Lee, Samsung's heir apparent and de facto leader, was summoned to be questioned as a suspect on Jan. 12. Both Samsung and Lee have denied wrongdoing. The NPS has said it supported the deal based on investment considerations.

[Bloomberg](#)

Global asset owners, managers launch initiative to track shift to low-carbon economy

January 11, 2017, By Paulina Pielichata

A group of global asset owners and asset managers with more than £2 trillion (\$2.4 trillion) in combined assets launched the Transition Pathway Initiative on Wednesday, an effort to monitor how the global migration to a low-carbon economy affects their investments, according to a news release from the Church of England.

The initiative will assess how individual companies are positioning themselves for the transition to a low-carbon economy through a publicly available online tool, designed to support the requirements of the Task Force on Climate-related Financial Disclosures. FTSE Russell provides the data for this tool. Investors can currently view reports on companies in the electric utilities, oil and gas sectors. More sectors will be available later in the year.

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