



Weekly Clips, March 17, 2017
Texas Pension Review Board
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PRB PLANS

Malfaro: Defined benefit pension plans must be protected

March 12, 2017, By Louis Malfaro

It's no surprise that Mayor Sylvester Turner has identified maintaining defined benefit pensions as a priority for his administration. Despite all the fear-mongering from anti-pension advocates, pensions remain the best way to provide a secure retirement for workers. Pensions are also cost-effective for taxpayers and provide an enormous economic benefit to our cities and states.

As many hard-working people across the country know, individual 401(k) accounts were decimated during the recession and many lost their hard-earned retirement savings after the crash - pushing them to work longer than originally planned and hurting their stability in retirement. In the first two quarters of 2008 alone, 401(k)s and IRAs lost about \$2.4 trillion.

Houston Chronicle

One Of America's Largest Pension Funds Plans Hedge Fund Fee Overhaul

March 13, 2017, By Mark Melin

The Teacher Retirement System of Texas (TRS), one of the world's largest hedge fund allocators, has officially changed the fee structure it will pay fund managers, ValueWalk has learned. We first reported the proposed move to change the hedge fund fee structure on December 20.

With hedge funds generally underperforming their major stock benchmarks . the HFRI Fund Weighted Composite Index, many long bias, delivered +5.6% returns in 2016 while the S&P 500 finished up 9.54% . TRS addressed what it called a %law+in the fee structure when rolling out a system designed not to pay excessively for beta or low returns. The objective is for the institutional investor to capture 70% of the alpha generated by the fund manager.

Value Walk

Dallas pension chairman: Cool it on 'inflammatory' messages to lawmaker working on rescue bill

March 16, 2017, By Tristan Hallman

Dallas Police and Fire Pension System Chairman Sam Friar called on active and retired police and firefighters this week to quit sending "inflammatory" messages to the state lawmaker who is working on a bill to save the failing retirement fund.

In an email to police and fire association leaders, Friar wrote that he was personally "being blamed for encouraging your organizations to send out inflammatory letters and emails" to House Pensions

Committee Chairman Dan Flynn, R-Van. Friar had been encouraging people to contact lawmakers, but only to express support for changes in the bill to benefit them.

[Dallas News](#)

Dallas Police & Fire Pension Plan; More Progress Achieved

March 16, 2017, Released by the Office of State Rep Dan Flynn

"We are on the verge of saving the plan which will have a statewide effect and set the example for pension reform," said Representative Dan Flynn (R-Van) Chairman of the Texas House Pensions Committee. The Dallas Police and Fire Pension members are now left with the options of a collapse and take over by the City of Dallas, or reforming their plan to make progress in improving and refining the bill through the diligent efforts of many city and plan representatives. "Many groups are in our office daily working on various aspects of the legislation, coming up with new ideas and representing well the police and fire employees of Dallas. Government is run by those who show up and participate in good faith, not by those who sit back and complain. I am proud of the efforts of everyone involved," said Representative Flynn.

[KMOO](#)

Texas Senate Bill Proposes Funding Changes to Teachers Retirement System

March 16, 2017, By Victoria Maranan

Texas teachers say that a bill recently filed in the state senate puts their retirement at risk.

"It's just another instance of the state saying, 'you guys are not worth investing in,'" said Monty Exter, lobbyist for the Association of Texas Professional Educators.

Houston Senator Paul Bettencourt filed a bill to change Texas teachers' current defined-benefit plan into one similar to a 401K.

[Spectrum News](#)

Government to the rescue in Texas? That rarity could solve Dallas' failing police pension

March 17, 2017, By Mitchell Schnurman

Here's a nice surprise: The public sector is getting the job done, and in Texas, no less.

Leaders in Dallas and Austin have worked out a compromise plan to fix the Dallas Police and Fire Pension. The fund has a hole of roughly \$3.7 billion, which has created a financial crisis that threatens the retirement of thousands of workers and the future of the city.

[Dallas News](#)

TEXAS ECONOMIC INDICATORS

Buoyed by exports, Texas economy accelerates in January amid hiring surge

March 14, 2017, By Michael Theis

Texas' economic growth accelerated in January as employment surged across the state.

The number of jobs in Texas surged by 4.9 percent last month, according to the latest Texas Economic Indicators report from the Federal Reserve Bank of Dallas. That follows a December in which job growth numbers were revised upward to show a 2.5 percent growth rate. Further, employment growth rates accelerated month over month in Austin, Dallas and Fort Worth, while Houston and San Antonio saw growth rates continue in the positive.

[Austin Business Journal](#)

Study: Toyota responsible for 1 in every 200 jobs in Texas

March 16, 2017, By Stephanie Serna

A recent study has confirmed what many in South Texas already knew, the opening of the Toyota plant here in San Antonio has had a major impact on the city.

Toyota has also made strides in the overall Texas economy, with \$2.6 billion invested over 14 years.

The recent study was done by the Center for Automotive Research or CAR.

According to the study, in 2015, one out of every 200 workers in Texas were employed as a result of Toyota.

[KSAT](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Temporary enforcement policy issued for DOL fiduciary rule

March 10, 2017, By Hazel Bradford

The Department of Labor on Friday issued a temporary enforcement policy for the fiduciary rule, originally scheduled to take effect April 10, to address concerns about a possible delay.

A field assistance bulletin from John Canary, director of regulations and interpretations for the Employee Benefits Security Administration, said that while DOL officials are deciding whether to delay the April implementation date by 60 days, financial services institutions have expressed concern about investor confusion and other marketplace disruption. Given those concerns, Mr. Canary said, the department has determined that temporary enforcement relief is appropriate.

[Pensions & Investments](#)

Financial Advisers Get DOL Guidance on Fiduciary Rule Delay

March 13, 2017, By Jo-el J. Meyer

Financial advisers got some direction from the Labor Department on what to expect if the agency is unable to sort out the delay of its fiduciary rule ahead of its April 10 implementation date.

The Department of Labor March 10 issued a field assistance bulletin that sets out a temporary enforcement policy for the rule. The agency has proposed delaying the rule's April 10 applicability date by 60 days, to June 9. Its decision to seek the delay was made in order to comply with President Donald Trump's presidential directive to review and possibly revise or rescind the rule.

[Bloomberg BNA](#)

Board to Puerto Rico: Cut pension system, impose furloughs

March 13, 2017, By Danica Coto

A federal control board on Monday said Puerto Rico's government needs to cut its public pension system by 10 percent, furlough tens of thousands of its workers and eliminate Christmas bonuses if it cannot generate other types of savings amid a nearly decade-long recession.

The seven-member board created by Congress last year to oversee the U.S. territory's finances voted unanimously to add those measures to a 10-year fiscal plan presented by the island's governor that the panel approved Monday. The measures will be implemented if the government fails to find other ways to cut spending and increase revenue.

[ABC News](#)

Puerto Rico oversight board approves fiscal plan with pension changes

March 13, 2017, By Hazel Bradford

Puerto Rico's Financial Oversight and Management Board on Monday certified the commonwealth's fiscal plan, with some amendments for pensions and other spending measures.

On pensions, the board amended the fiscal plan to achieve reductions in total pension outlays of 10%, beginning in 2020. The board and the government will take 30 days to work out a specific plan to be finalized by June 30, 2017, based on funding existing pension obligations on a pay-as-you-go basis, liquidating assets and using general fund revenues; enrolling all active members and new hires in defined contribution accounts to pay for future benefits; and progressively reducing total pension benefit payments by 10%.

[Pensions & Investments](#)

N.J. Senate passes bill to give police, fire system investment and management autonomy

March 14, 2017, By Robert Steyer

The New Jersey Senate on Monday unanimously approved a bill that would transfer management and administration of the Police and Firemen's Retirement System to an expanded board of trustees and away from the New Jersey Department of Treasury.

The 37-0 vote came on a bill sponsored by the Senate's two most powerful politicians, Democrat Stephen Sweeney, the Senate president, and Thomas Kean, the Republican leader. No companion bill has been introduced in the state General Assembly.

[Pensions & Investments](#)

Towns Make Legal Case Against Malloy's Teacher Pension Plan

March 14, 2017, By Christopher Keating

Small towns are now locked in a legal dispute with Gov. Dannel P. Malloy's administration, saying the governor cannot legally force them to pay one-third of the cost of teachers' pensions.

The 110 municipalities in the Connecticut Council of Small Towns say only the state is required to make the payments for teachers' pensions. Malloy's two-year state budget proposal seeks to force towns to pay more than \$400 million annually as their share of the pension costs.

[Hartford Courant](#)

Chamber Asks Judge for Fiduciary Rule Relief

March 14, 2017, By Jacklyn Wille

The Labor Department's efforts to delay enforcement of the fiduciary rule aren't enough, the Chamber of Commerce argued in a brief asking a federal judge to step in and block the rule (*Chamber of Commerce v. Hugler* , N.D. Tex., No. 3:16-cv-01476-M, motion for injunction filed 3/10/17).

The Obama administration rule - which purports to cut down on the allegedly conflicted investment advice given to retirement savers - was scheduled to become applicable on April 10, until President Donald Trump's Labor Department proposed extending the deadline to June 9 in response to a presidential memorandum ordering a re-evaluation of the rule. The Chamber of Commerce, which has been unsuccessfully challenging the rule in court, on March 10 asked a federal judge for an emergency injunction blocking the rule's enforcement while a federal appeals court considers the matter.

[Bloomberg BNA](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Milwaukee County lawyers to probe tardy release of report of pension errors

March 10, 2017, By Dave Umhoefer

Milwaukee County Board supervisors pushed Friday for an investigation into whether laws were broken in the handling of a 2014 report on pension-payment errors - a report that top county officials say was kept from them.

"This whole thing really smells," Supervisor Anthony Staskunas told fellow Personnel Committee members.

Acting County Corporation Counsel Margaret Daun promised a review of the lack of transparency surrounding the report, which first was made public in February.

[Milwaukee Journal Sentinel](#)

Indianapolis sitting pretty with light pension burden compared to peers, report says

March 10, 2017, By Susan Orr

Indianapolis is less financially burdened by public pensions than its peer U.S. cities, according to a new Standard & Poors report.

However, the credit ratings agency says, Indianapolis's burden is lighter in large part because of state involvement in its pension plans.

The S&P report, issued Wednesday, looks at pension pressures facing the nation's 15 largest cities. In addition to Indianapolis, those cities are Austin, Texas; Chicago; Columbus, Ohio; Dallas; Houston; Jacksonville, Florida; Los Angeles; New York; Philadelphia; Phoenix; San Antonio; San Diego; San Francisco; and San Jose, California.

[Indianapolis Business Journal](#)

Public Pensions and the Assets That Could Sustain Them

March 14, 2017, By Jill Eicher

For decades, when cash was scarce, corporate pension-plan sponsors have made in-kind contributions -- non-cash assets such as securities and real estate -- to fund their retirement plans. US Steel, for example, contributed 170,000 acres of timberland to meet its pension liabilities. General Motors used securities from a subsidiary company. Facing bankruptcy, Pan American World Airways transferred the lease for its flagship terminal at New York's Kennedy Airport to its pension funds. These private-sector plan sponsors looked to their balance sheets for assets they could monetize by contributing them to their pension funds.

Governing

Jacksonville Firefighters Sign On To New Pension Agreement

March 15, 2017, By Stephanie Brown

It's another major step forward in Jacksonville's ongoing efforts to reform the City's pension system.

The Jacksonville Association of Fire Fighters has now approved a proposed packet of changes to their wages and benefits, just a few weeks after the Fraternal Order of Police voted to do the same. Both would see new hires shift to a 401(k) style plan that includes a guaranteed lifetime withdrawal. Existing members get a one-time lump sum payment and 20% raise over three years, as well as the restoration of some benefits that were cut in a 2015 reform plan.

WOKV

Curry's pension plan gets pushback from JEA employees

March 15, 2017, By David Bauerlein

Mayor Lenny Curry's pension-reform drive got a jolt this week when rank-and-file JEA employees from two unions rejected an offer made by the city-owned utility.

Curry needs buy-in from all the unions involved for the city to gain the maximum amount of financial benefit from a half-cent sales tax that voters approved in August for paying down the massive pension debt that is choking city finances.

The Florida Times-Union

Calpers slashes pensions for retirees of defunct agency

March 16, 2017, By Romy Varghese Bloomberg

The California Public Employees' Retirement System on Wednesday approved cutting the benefits of a small group of retirees in the second such move in four months.

The reduction, effective in July, was triggered by the failure of a defunct public agency, the East San Gabriel Valley Human Services Consortium, to pay Calpers the entire cost of covering the pensions of its former employees.

Napa Valley Register

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Ontario Public Service pension plan returns 6% in 2016, topping benchmark

March 13, 2017, By Rick Baert

Ontario Public Service Employees Union Pension Plan, Toronto, returned 6% on its investments in 2016, vs. its 3.6% custom benchmark return, according to a funded status report issued Monday by OPTrust, manager of the plan's assets.

The returns helped increase the plan's funding level to 133% and its total assets to C\$19.05 billion (\$14.1 billion), both as of Dec. 31.

Pensions & Investments

U.K. fund deficits rise in February as liabilities continue to grow

March 14, 2017, By Sophie Baker

The total deficit of defined benefit funds covered by the Pension Protection Fund, London's 7800 index increased 23.3% over the month of February, to £242 billion (\$300.8 billion).

For the year, deficits fell 17.8%.

A 3% increase in assets for the month of February, to £1.511 trillion, was more than offset by a 5.4% jump in liabilities, to £1.753 trillion. The funded level of these funds worsened to 86.2% as of end-February, compared with 88.2% at the end of January.

Pensions & Investments

European Parliament approves rules to improve shareholder rights

March 15, 2017, By Sophie Baker

The European Parliament has voted in favor of new rules that will strengthen shareholder rights and facilitate cross-border voting under the Shareholders Rights Directive.

The changes will make it easier for shareholders residing in another European Union country to the location of the company in which it invests to participate in the general meetings of those companies and to vote on shareholder issues, said a question and answer document on the European Commission's website.

Pensions & Investments

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