



Weekly Clips, July 7, 2017  
Texas Pension Review Board  
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[www.prb.state.tx.us](http://www.prb.state.tx.us)

## **PRB PLANS**

### **Dallas police in 'crisis situation' fueled by low morale, pension mess, veteran exodus**

June 30, 2017, By Tasha Tsiaperas and Naheed Rajwani

Community leaders in Pleasant Grove tell anyone calling 911 to say they saw a gun or a knife - whether they did or not.

It's a tactic Bonnie Mathias learned from a police officer to trigger a quicker response from authorities.

And as the Dallas Police Department continues to shrink, the chairwoman of the Texas Organizing Project of Pleasant Grove said her neighborhood is bracing for slower response times.

#### **Dallas News**

### **Judge tosses firefighters' challenge of Houston pension reform package**

June 30, 2017, By Rebecca Elliott

A state district judge Friday dismissed a Houston firefighters' lawsuit challenging the constitutionality of the city's pension reform package, removing a potential barrier to the city's efforts to solve a 16-year fiscal crisis.

State District Judge Patricia Kerrigan granted the city's request to dismiss the case while denying the firefighters' motion to temporarily block the state law, known as SB2190, from going into effect Saturday.

#### **Houston Chronicle**

### **Retired teachers: Texas lawmakers broke their promise on health care**

July 3, 2017, By Julie Chang

Sue Schnars retired from the Pflugerville school district as a special education administrator in December with the understanding that she and her 41-year-old daughter with disabilities could live on her state retirement and health benefits.

Six months later, Texas lawmakers cut health benefits in a way that will hit retirees such as the 59-year-old Schnars the hardest. Come January, her deductible will be \$3,000 - 10 times higher than it is now - and her insurance won't cover nonpreventive visits to the doctor until she hits that ceiling.

#### **My Statesman**

### **Ill-Funded Police Pensions Put Cities in a Bind**

July 4, 2017, By Heather Gillers and Zusha Elinson

When the city of San Jose had trouble affording services such as road repair and libraries because of the cost of police pensions, it obtained voter approval to pare them. What happened next proved sobering for other cities in the same pickle. Hundreds of police officers quit. Response times for serious calls rose.

Faced with labor-union litigation, San Jose this year restored previous retirement ages and cost-of-living increases for existing police officers, and last month it gave them a raise.

#### **[The Wall Street Journal](#)**

### **Judge dismisses Houston Firefighters' lawsuit challenging pension reform**

July 5, 2017, By Meaghan Kilroy

The Houston Firefighters' Relief and Retirement Fund's lawsuit challenging the constitutionality of a pension reform law was dismissed by a Harris County District Court judge.

The pension reform package, proposed by the city of Houston and passed by the Texas Legislature on May 24, includes benefit reductions for participants in the \$3.9 billion Houston Police Officers' Pension System, \$3.8 billion firefighters' fund and \$2.3 billion Houston Municipal Employees Pension System. It further requires Houston to make the full annual required contributions to the three plans, adopts a 30-year closed amortization schedule, calls for the issuance of pension obligation bonds, and reduces the pension funds' assumed rates of return to 7% from the current rates · which ranged between 8% and 8.5% when the bill passed the Legislature.

#### **[Pensions & Investments](#)**

### **To protect pension plan, Turner now unlikely to put rev cap repeal on ballot**

July 5, 2017, By Rebecca Elloitt

Mayor Sylvester Turner abruptly reversed course Wednesday on his plan to ask voters to repeal Houston's revenue cap this fall, saying it now is "unlikely" he will ask for its removal.

The politically cautious move would leave the city fiscally shackled in the hope that a lighter November ballot improves the chances voters sign off on hundreds of millions in general improvement bonds and \$1 billion in pension obligation bonds, a crucial piece of the mayor's landmark pension reform package.

#### **[Houston Chronicle](#)**

### **Sniper attack was part of chaotic year for Dallas police**

July 6, 2017, By Claudia Lauer

The Dallas Police Department has weathered significant changes in the year since a sniper killed five law enforcement officers.

Police Chief David Brown retired in October. The city's police and fire pension system fell into a financial crisis, prompting hundreds of officers to retire to avoid impending cuts to benefits and increases in contributions. The department is also faced with hiring hundreds of new officers, and dozens of questions remain about the attack on the night of July 7, 2016.

#### **[Houston Chronicle](#)**

## **TEXAS ECONOMIC INDICATORS**

### **Economy, gas prices and long weekend boost Texas tourism**

July 3, 2017, By Katherine Blunt

Low gasoline prices, an improving economy and a holiday weekend stretching over four days has Texas tourist destinations enjoying large crowds, full hotels and bustling business as the nation celebrates its founding 241 year ago.

A record 2.7 million Texans were expected to travel to beaches, parks, campgrounds and other popular spots across the state as many took an extended weekend to travel farther and, local businesses and tourism officials hoped, spend more. From the Gulf Coast to Hill Country to the South Texas plains, retailers stocked up on T-shirts, sandals and other merchandise, restaurants added extra staff and hotels quickly sold out.

[Houston Chronicle](#)

### **Toyota's grand opening in Plano symbolizes the success of the Texas growth engine**

July 5, 2017, By Greg Abbott

Today we celebrate another milestone marking the incredible momentum of Texas' continuing economic expansion. Toyota Motor North America joins Hulu, Jacobs Engineering, Mitsubishi Heavy Industries, Kubota, Jamba Juice, Sabre and many other innovative industry leaders who have decided to go big in Texas.

Our greatest natural resource in the Lone Star State is the hardworking people of Texas. And that work ethic draws global leaders like Toyota to Texas every day. With the second-largest workforce in the nation at more than 13 million strong, Texas continues to be a national leader in job creation. In fact, more Texans have jobs today than ever before, even as more people are moving here every year from states that overtax and overregulate.

[Dallas News](#)

## **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

### **Iowa's public pension funds owe billions: Lawmakers plan to study fixes**

July 4, 2017, By William Petroski

Iowa's public employees' pension funds face billions of dollars in long-term unfunded liabilities and state lawmakers are planning to review whether they are still sustainable.

The review is raising concerns among Democrats and union leaders, who worry the Republican-controlled Legislature is laying the groundwork for major changes that could hurt public employees' retirement plans.

[The Des Moines Register](#)

## **Retired State Police trooper loses pension fight**

June 30, 2017, By Katie Park

For years, outdated pension literature misled a retired New Jersey State Police trooper who worked for an additional four years to gain the most from his retirement fund.

The state sided with the board of the State Police's Retirement System and decided against granting a pension increase, according to a state appellate court decision released Friday.

### [APP](#)

## **DOL backs fiduciary rule in court**

July 5, 2017, By Hazel Bradford

The Department of Labor's new fiduciary rule should be upheld, government lawyers argued in a legal brief filed Monday in the 5th U.S. Circuit Court of Appeals in Dallas.

The case is one of five filed by opponents of the new rule on several grounds.

On Feb. 8, U.S. District Judge Barbara M.G. Lynn in Dallas dismissed a legal challenge filed by the U.S. Chamber of Commerce, Securities Industry and Financial Markets Association and other financial groups, who appealed the decision. DOL lawyers said in the brief that the judgment should be affirmed, except for a limitation on class actions and arbitration agreements.

### [Pensions & Investments](#)

## **New Jersey approves budget, shifting state lottery to pension fund**

July 5, 2017, By Robert Steyer

New Jersey Gov. Chris Christie signed into law a fiscal 2018 budget that includes a \$2.5 billion state contribution to the \$73.6 billion New Jersey Pension Fund, Trenton, of which an estimated \$1 billion will come from the proceeds of the state lottery.

The governor signed the \$34.7 billion budget bill on Tuesday. A dispute between Mr. Christie, a Republican, and General Assembly Speaker Vincent Prieto, a Democrat, led to the state missing its constitutionally mandated deadline of June 30 for enacting a budget for the fiscal year beginning July 1. As a result, the state shut down all but essential services, resuming full services Wednesday

### [Pensions & Investments](#)

# **NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

## **Florida pension fund up 14 percent for fiscal year**

June 30, 2017, By Brandon Larrabee

Florida's \$155 billion pension fund is on track to show a positive gain for the eighth straight year, as the state's fiscal year ended on Friday.

Although the final number will not be calculated for some time, State Board of Administration officials said they expected the return to be near a Wednesday estimate showing the fund was up 14.24 percent for the fiscal year.

## [Palm Beach Post](#)

### **Moody's eyes downgrade for Illinois despite potential budget passage**

July 6, 2017, By Meaghan Kilroy

Illinois' general obligation bond rating is under review for a possible downgrade by Moody's Investors Service following the state's inability to "enact a timely budget" for fiscal year 2018, which began July 1, and its "failure to achieve broad political consensus on how to move toward balanced financial operations," the ratings agency announced Wednesday.

The Illinois Legislature passed a full-year budget on Tuesday that was vetoed by Illinois Gov. Bruce Rauner the same day. The Senate immediately overrode Mr. Rauner's veto, and a House vote is expected Thursday.

## [Pensions & Investments](#)

### **U.S. job growth accelerates in June, but wages continue to lag**

July 7, 2017, By Lucia Mutikani

U.S. job growth surged more than expected in June and employers increased hours for workers, signs of labor market strength that could keep the Federal

Reserve on course for a third interest rate increase this year despite benign inflation.

Non-farm payrolls jumped by 222,000 jobs last month, the Labor Department said on Friday, beating economists' expectations for a 179,000 gain. Data for April and May was revised show 47,000 more jobs created than previously reported.

## [Reuters](#)

# **WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

### **U.K. corporate deficits fall over month, year ended June**

July 3, 2017, By Sophie Baker

The total deficit of U.K. corporate pension funds fell 3.8% for the month ended June 30 to £176 billion (\$228.2 billion), and dropped 15.8% over the year to that date, show data from JLT Employee Benefits.

The funded level of these plans remained steady over June at 90%, but improved from 87% as of June 30, 2016.

Assets fell 2.6% over June to £1.56 trillion, and liabilities fell 2.7% to £1.74 trillion. For the year assets grew 8.7%, and liabilities increased 5.6%.

## [Pensions & Investments](#)

## **Italians Launch 'Made in Italy' Fund With Sovereign Investor Backing**

July 5, 2017, By Reuters

Italy is tapping foreign investors for a new fund worth an initial 1 billion euros (851.85 million pounds) to help its businesses to expand abroad.

Leading Asian sovereign wealth funds, European banks and insurers, as well as asset managers have already subscribed to the fund which will support "Made in Italy" firms, state-backed Fondo Strategico Italiano (FSI) said in a statement.

### **[The New York Times](#)**

## **Selectapension latest to stop DB transfer advice service for IFAs**

July 6, 2017, By Gary Robinson

The UK-based firm is one of the largest providers of transfer value analysis (TVAS) reports for IFAs advising on qualifying recognised overseas pension schemes (QROPS)

A spokeswoman from Selectapension said the reason behind the change was because of an FCA review of its outsourcing partner CFPML.

In a statement on its website, Selectapension Bureau Services said that it has temporarily suspended the DB Transfer Advice Service following an audit from the FCA.

### **[International Investment](#)**

## **Pension costs push UK financial regulator into the red**

July 6, 2017, By Nick Reeve

The UK's financial regulator made a loss of £8.6m ("9.9m) in the 12 months to 31 March due to a £65.3m actuarial loss recorded by its pension fund.

The Financial Conduct Authority's (FCA) defined benefit pension scheme, which closed to future accrual in 2010, cut its discount rate from 3.45% to 2.45% during the 2016-17 financial year, its annual report and accounts showed.

The discount rate cut meant liabilities rose to £886.6m, an increase of 22% year-on-year. Total assets reached £712.5m, leaving a shortfall of £174.1m.

### **[IPE](#)**

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