



Weekly Clips, July 21, 2017  
Texas Pension Review Board  
P.O. Box 13498 Austin, TX 78711-3498  
[www.prb.state.tx.us](http://www.prb.state.tx.us)

## **PRB PLANS**

### **Lt. Gov. Dan Patrick proposes millions in bonuses for Texas teachers**

July 13, 2017, By Robert T. Garrett

Lt. Gov. Dan Patrick on Thursday proposed to give longevity bonuses to current and former teachers, ease the pain of recent changes to retired school employees' health plans and begin phasing out "Robin Hood" wealth transfers between school districts.

At a Capitol news conference, Patrick rebutted claims he hasn't made school finance a priority, lambasted House Speaker Joe Straus and laid out the Senate's education plan for next week's special legislative session.

#### **Dallas News**

### **Fort Worth pension woes bring second downgrade from Moody's**

July 17, 2017, By Sandra Baker

The city's unfunded pension liability is weighing on Fort Worth's financial picture as Moody's Investors Services downgraded city general obligation bonds for a second straight year.

Moody's, one of the nation's three credit rating agencies, lowered a rating tied to \$657 million in outstanding debt to Aa3 from Aa2 and revised its outlook to **negative** from **stable**. Moody's warned investors that the city's pension hole will continue to put pressure on the city's operations, its ability to provide services and make capital investments. The debt service is paid from the city's operating budget, which is funded by property and sales tax revenues.

#### **Star-Telegram**

### **Firefighters deliver 32,000 signatures to put pay parity on the ballot**

July 17, 2017, By Blake Paterson

Houston firefighters delivered over 32,000 signatures to City Hall on Monday in support of asking voters in November to mandate parity in pay between firefighter and police officer ranks, a maneuver that could threaten the city's plans to sell \$1 billion in bonds as part of its pension reform plan.

While the two measures are unrelated, both are tied to firefighters' displeasure with the Turner administration.

As such, a unified voting bloc of firefighters during what is expected to be a low-turnout election in November could spell trouble for Mayor Sylvester Turner's signature pension reform plan, and potentially thrust the city back into the fiscal quagmire Turner spent his first year in office trying to escape.

#### **Houston Chronicle**

## **Retired East Texas educators concerned about pensions and voucher program**

July 17, 2017, By Kenley Hargett

Several retired East Texas educators met with other state educators in Austin, to rally against any changes to their retirement pensions and voucher program.

"This is an attack on public education and disrespect to the people who educate our children." Longview ISD Superintendent James Wilcox said.

Many teachers say State Legislators have not funded their pensions, causing their healthcare premiums to significantly increase.

### **[CBS 19](#)**

## **Teacher compensation plan gets support from Southeast Texas lawmaker**

July 17, 2017, By KFDM/KBTB

A plan to give teachers a \$1,000 pay raise and increase their retirement benefits through the Texas lottery has the support of local State Rep. James White, who Monday praised Lt. Gov. Dan Patrick for proposing the bill.

White - a Republican representing Hardin, Jasper, Newton, Polk, and Tyler counties in Southeast Texas - says this is a necessary step in the legislature prioritizing school finance and teacher pay as public schools struggle financially and teachers see a drastic change in their retirement benefits.

### **[KFDM](#)**

## **Study to evaluate Longview firefighters' pension fund**

July 18, 2017, By Jimmy Isaac

Amid a year of contribution changes and employee turnover, Longview firefighters have requested an independent study of their pension fund.

Longview Fireman's Relief and Retirement Fund received a clean opinion from auditors Tuesday, but fund directors also learned the plan's unfunded liabilities reached \$48.8 million.

It would take more than 50 years to eliminate those liabilities, so directors requested a study to determine if the liabilities will increase or decrease during the next decade at the plan's income levels, said Drew Ballard, a consulting actuary with Foster & Foster Actuaries and Consultants of Florida.

### **[Longview News-Journal](#)**

## **Texas County & District makes changes to REIT manager line-up**

July 19, 2017, By Jon Peterson

Texas County & District Retirement System is changing its fund manager line-up for investments in real estate investment trusts (REITs).

The pension fund is dropping Morgan Stanley Investment Management and Invesco Advisors, while hiring Dimensional Fund Advisors and retaining Cohen & Steers, according to a board meeting document.

Texas County & District told IPE Real Estate that the move was related to investment performance.

### **[IP&E](#)**

## **Abbott adds school finance, retired teacher benefits to special session**

July 20, 2017, By Aliyya Swaby

Texas legislators could end up passing bills to reform the state's school finance system and help out retired teachers this special session.

After the Senate voted early Thursday morning to pass a bill keeping several key state agencies alive, Gov. Greg Abbott immediately expanded the special session agenda by adding 19 items and dramatically expanded the focus of two education-related priorities he had announced last month.

[Texas Tribune](#)

## **TEXAS ECONOMIC INDICATORS**

### **Workforce, infrastructure: The Texas two-step**

July 16, 2017, By Dave Sather

Every July for the last 11 years, CNBC has ranked all 50 states on 60-plus criteria across 10 categories to determine the best state for business.

In the first 10 years, Texas has ranked first or second each year, earning the Lone Star State the designation of "The Best Business State of the Decade."

Surprisingly, this year, Texas fell to fourth place. Is this stumble a reason for concern? Probably not.

[Victoria Advocate](#)

### **Business leaders say Texas economy could take big hit from bathroom bill**

July 17, 2017, By Jacquelyn Powell

As Texas lawmakers return to the Texas State Capitol for the special session, major companies are pouring their resources into preventing the passage of what's known as the bathroom bill. If passed, it would require transgender people to use the bathroom that correlates with their biological sex, rather than that of the gender they identify with.

Business leaders with ties to the Lone Star State say the proposed legislation would hurt the state's economy and damage companies' recruiting efforts.

[KXAN](#)

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

### **Can public pension benefits be cut? Kentucky officials looking into it**

July 14, 2017, By Tom Loftus

Advocates for public employees and teachers in Kentucky are uneasy as Gov. Matt Bevin prepares to call a special legislative session to stabilize Kentucky's public pension crisis.

For decades the workers - some of whom cannot receive Social Security - have been protected by state laws that recognize their pension benefits as an "inviolable contract" guaranteeing them the benefits they earn under the plan they signed up for when hired.

### [Courier-Journal](#)

#### **DOL Withdraws Filings in Support of Anti-Arbitration Condition**

July 17, 2017, By Carmen Castro-Pagan

The DOL is removing documents it once filed in court to support the fiduciary rule's anti-arbitration condition, which is intended to prevent investors from pursuing class litigation against financial advisers ( *Thrivent Fin. for Lutherans v. Acosta* , D. Minn., No. 0:16-cv-03289, letter to the district judge 7/14/17 ).

The move comes almost two weeks after the Labor Department announced that it will no longer defend the validity of the best-interest-contract exemption's condition restricting class litigation waivers as it applies to arbitration agreements. That announcement could have a major effect in a case brought by Thrivent Financial for Lutherans, a financial advisory firm that accused the agency of exceeding its statutory authority by attempting, with its new fiduciary rule, to force all disputes into federal court rather than allowing for alternative dispute resolution methods.

### [Bloomberg BNA](#)

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

#### **Will aggressive fee-cutting at the state pension fund lead to lower returns?**

July 16, 2017, By David Ranii

State Treasurer Dale Folwell's aggressive moves to slash the fees that the \$92 billion state pension fund pays to outside money managers are winning praise but also are raising important questions about the fund's investment strategy.

Experts such as Richard Warr, a finance professor at N.C. State University, say the steps taken by Folwell so far are on the right track.

Critics, however, contend that Folwell, a Republican who took office in January, is too focused on fulfilling his campaign promise to cut fees paid to money managers. They say the way he has reinvested billions of dollars previously handled by the outside money managers whose contracts he terminated is likely to reap lower returns.

### [The Herald Sun](#)

#### **Assessing Pension Plan Health: More Than One Right Number Tells the Whole Story**

July 2017

Consider the following hypothetical case of unsettling news reports that indicate that a retirement plan of a major local employer is underfunded by \$50 million. Retirees are concerned that their pension benefits might not be paid. Other stakeholders in the company, such as investors, customers, and taxpayers, are also worried. But what does the \$50 million shortfall really mean? The employer's leadership reported in an interview last week that the plan was in solid financial shape and consistent with its financial plan. So what is the truth? What is the right measure of the shortfall?

The answer is that there is *more than one right number*. The issues facing some retirement programs can be emotionally charged and involve allegations of misdeeds. But despite seemingly contradictory information, it may be that none of the parties involved lack financial literacy or are intentionally misleading with their statements. In fact, they may be viewing the same situation from different perspectives.

## [Actuary.org](#)

### **States Get Creative on Pension Funding**

July 19, 2017, By Liz Farmer

Most states have enacted some type of reform over the past decade to shore up their pension funds for the future. But such changes have typically done little to make a dent in the liabilities that governments already have on the books.

As those liabilities increase, states and localities are turning to more creative solutions to ease the burden.

California and New Jersey are moving forward with plans that would boost respective pension assets, dramatically decrease unfunded liabilities and reduce payouts for the immediate future. But critics of the plans say the two states are doing nothing more than moving numbers around on paper.

## [Governing](#)

### **Another blow for heartland workers: Slashed pensions**

July 20, 2017, By Ed Leefeldt

February was a bad month for Larry Burrue and thousands of other retired Ohio iron workers. His monthly take-home pension was cut by more than half from \$3,700 to \$1,600.

Things have been rough in the Rust Belt, but this was a particularly powerful punch in the pocketbook for Burrue, who started in the trade at 19 and worked 36 years before opting for early retirement to make way for younger workers. Unfortunately, this sagging industry doesn't have enough younger workers to pay for retirees like Burrue, whose pension plan is in what the U.S. Treasury Department calls "critical and declining status."

## [CBS News](#)

### **CalSTRS reports 13.4% return for fiscal year, topping its benchmark**

July 20, 2017, By Randy Diamond

California State Teachers' Retirement System, West Sacramento, announced Thursday double-digit investment returns of 13.4% for the fiscal year ended June 30.

The return outperformed CalSTRS' custom benchmark, which returned 12.6%.

CalSTRS preliminary results were aided by strong equity markets. The \$208.7 billion pension fund returned 19.6% for public equity for the fiscal year, just topping the pension fund's custom benchmark return of 19.5%.

## [Pensions & Investments](#)

## **Illinois State Board drops hedge funds as separate portfolio**

July 20, 2017, By Christine Williamson

Trustees of the Illinois State Board of Investment, Chicago, adopted a new asset allocation for the \$17.2 billion fund that eliminates hedge funds as an asset class.

ISBI "plans to retain several high-performing managers (that) were previously classified as hedge funds but now will be allocated to the asset class they invest in," said a news release about the board's meeting Wednesday.

### **Pensions & Investments**

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

### **South Korea pension fund's CIO resigns**

July 17, 2017

South Korea's National Pension Service (NPS), the world's third-largest pension fund, said on Monday its Chief Investment Officer (CIO) Kang Myoun-wook has tendered his resignation.

NPS, which had 578.2 trillion won (\$513.6 billion) under management as of April, said in a statement the resignation would be accepted and process begun to name a new CIO.

### **Reuters**

### **UK roundup: CWU rejects revised Royal Mail DB replacement scheme**

July 17, 2017, By Susanna Rust

The Communications Workers Union (CWU) has rejected the latest proposal Royal Mail has put forward for replacing its current defined benefit (DB) scheme.

The Royal Mail Pension Plan's DB section will close to future accrual at the end of March next year.

On Friday the company, which operates the UK's postal network, said it was offering members a choice between a new DB scheme and a new defined contribution (DC) scheme.

### **IP&E**

### **U.S. slips to 17th in retirement security index**

July 19, 2017, By Meaghan Kilroy

The U.S. ranks 17th globally in retirement security, down three spots from last year, the Natixis Global Asset Management 2017 Global Retirement Index shows.

The index, launched in 2013, assesses how well retired citizens live in various nations across four broad categories - health, finances, material well-being and quality of life. The 2017 index was released Wednesday.

### **Pensions & Investments**

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