



Weekly Clips, August 25, 2017
Texas Pension Review Board
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PRB PLANS

Allocator's Choice Awards: Finalists Announced

August 21, 2017, By Staff

Institutional Investor is pleased to announce the finalists for the first annual Allocator's Choice Awards.

Finalists were chosen based on nominations submitted over the summer and vetted by *Institutional Investor's* editorial team. Starting this week, asset allocators will cast ballots for the ultimate winners, to be crowned on November 28, 2017, at dinner in New York City.

The inaugural awards dinner with fellow the Masterclass . an afternoon of discussion among an exclusive group of asset allocators and managers, where attendees will share, debate, and tackle institutional investing's intractable problems.

Institutional Investor

Texas state workers fear fallout from changing math on pensions

August 22, 2017, By Jim Malewitz

Jerry Wald retired early after 21 years of state service and left behind the stresses of his supervisor role at the Department of Aging and Disability Services. But a decade after he stopped punching the clock, the 67-year-old has a different sort of anxiety: watching the buying power of his monthly state pension check shrink.

"Every year I'm alive, I'm losing money," said Wald, who lives in Houston.

Though health care, food and most everything else keeps getting more expensive, the monthly pension checks for thousands of retired state workers haven't increased since 2001. An amalgam of factors, including chronic legislative underfunding that's only recently been addressed, has kept the Employees Retirement System of Texas from adjusting its payments for the rising cost of living.

Texas Tribune

Employee Retirement System of Texas lowers expectations, worrying workers

August 23, 2017, By Jim Malewitz

Trustees for the Employee Retirement System of Texas voted Wednesday to decrease earnings assumptions for its \$26 billion trust fund, a rare move that could have major implications for the state budget and the retirement system's beneficiaries.

In a 4-2 vote, the board cut the fund's expected annual rate of return from 8 percent to 7.5 percent, reflecting gloomier market conditions and other factors straining the system. The board also voted to revisit the rate in two years.

[Texas Tribune](#)

How a "perfect storm" of problems shrunk Texas' largest city police forces

August 24, 2017, By Jolie McCullough

In Houston, police say there are solvable property crime cases with no one to solve them. Dallas officers are taking more time to respond to fewer emergency calls, and both cities are slower to get to non-emergency situations.

Officials blame this on the dwindling number of officers in Texas's two largest city police departments.

[Texas Tribune](#)

Texas Employees ramps up alts in new asset allocation, reduces assumed rate of return

August 24, 2017, By Christine Williamson

Texas Employees' Retirement System, Austin, reduced its rate of return and adopted a new asset allocation that increases the aggregate weighting to illiquid alternative strategies by 11 percentage points.

The new allocation increases the target weighting for private equity to 13% from 10%; real estate to 12% from 10%; infrastructure to 7% from 4%; and adds a 3% allocation to opportunistic credit. Global credit also increased to 11% from 10%.

[Pensions & Investments](#)

TEXAS ECONOMIC INDICATORS

Waco sees drop in jobless rate for July

August 19, 2017, By Mike Copeland

The Waco area saw its jobless rate dip in July compared to the previous month and July of last year, but job growth the past 12 months has been sluggish, according to reports released Friday by the Texas Workforce Commission and the Bureau of Labor Statistics.

The unemployment rate for the Waco Metropolitan Statistical Area, which includes McLennan and Falls counties, hit 4.4 percent last month, down from 4.8 percent in June and 4.5 percent in July 2016.

[Waco Tribune-Herald](#)

Wichita Falls, area sees improvement in unemployment rate

August 19, 2017, By Times Record News

The seasonally adjusted nonfarm unemployment rate in the Wichita Falls Metropolitan Statistical Area continued to hover around 4 percent, but the available labor force also continued its downward trend.

The same can be said about the 11-county North Texas Workforce Development Area.

According to figures released by the Texas Workforce Commission, the unemployment rate for the MSA in July was 3.9 percent, almost an entire percentage point better than the 4.8 percent rate in July 2016.

The reason, however, appears to be the change in the total labor force available for work and the number of people employed.

[Times Record News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Lexington Could Owe Police, Fire Pension Funds Millions More

August 19, 2017, By The Associated Press

Kentucky's second-largest city could have to pay millions more to its police and fire pension fund.

The Lexington Herald-Leader reports the Kentucky Supreme Court declined to hear an appeal from the city this week. That means a state Court of Appeals decision ordering the case back to the circuit court will stand. Fayette Circuit Judge Ernesto Scorsone must decide how much money the city owes the pension fund.

[US News](#)

Harvey firefighters' pension on 'collision course' with bankruptcy, appeals court says

August 19, 2017, By Matthew Walberg and Joe Mahr

In an unprecedented ruling, an appellate court declared the city of Harvey so severely neglected its firefighters' pension fund that it was on the verge of insolvency - meaning there might not be any money for retirees or firefighters on the job there today.

The ruling comes as local firefighters complain of equipment in disrepair and manpower cuts. And it follows another embarrassing ruling in which a Cook County judge took away control of Harvey's water finances from leaders of the scandal-plagued and debt-ridden south suburb.

[Chicago Tribune](#)

Pension fund for hospital nurses placed in receivership

August 21, 2017, By Patrick Anderson

The promised retirement benefits of more than 2,000 current and former nurses are in jeopardy due to the looming insolvency of the St. Joseph Health Services of Rhode Island pension fund.

The defined-benefit pension plan for nurses at Our Lady of Fatima Hospital and the former St. Joseph Hospital was placed in temporary receivership last week after fund actuaries said it faced insolvency just three years after the hospitals were sold to a California-based for-profit company.

[Providence Journal](#)

Tax reform efforts put retirement plans at risk

August 21, 2017, By Hazel Bradford

As Washington policymakers turn their attention to tax reform, plan sponsors and retirement lobbyists are becoming increasingly concerned that the tax advantages of retirement savings are in real danger.

"My biggest concern is that they just reflexively look at the retirement system as a way to pay for it. Anybody who assumes they won't ignores history and ignores practical reality," said Lew Minsky, president and CEO of the Defined Contribution Institutional Investment Association, Washington.

Pensions & Investments

Teamsters voting on their pension this week

August 22, 2017, By Rick Karlin

Facing a looming shortfall in its pension fund, members of Teamsters Local 294, also known as the New York State Teamsters, are being asked to vote on the cuts to keep their fund solvent in future years.

But there has been a mix of anger and frustration this week as ballots for a 29 percent pension cut for thousands of the upstate Teamsters have gone out and the vote is being met with lots of questions.

If approved, approximately 16,500 retired Teamsters would see the 29 percent reduction as early as this fall. Another 18,500 union members who are currently working would get pensions that are 18 percent less than previously calculated.

Times Union

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

More companies sell bonds to fund pension obligations

August 20, 2017, By Eric Platt

A number of companies are selling bonds and taking advantage of low borrowing costs to support their retirement obligations as corporate treasurers anticipate US tax reform in 2018.

As investors question the Trump administration's ability to pass comprehensive tax reform, the prospect of lower tax rates next year is motivating an increasing number of companies to boost their pension contributions.

Financial Times

Investors start to prep for market disruptions

August 21, 2017, By Christine Williamson

Market change is coming: Exactly when, where or how it will happen is unclear, but a growing number of asset owners and money managers are repositioning their portfolios to ride out whatever comes next.

Market pundits, chief investment officers and portfolio strategists interviewed by *Pensions & Investments* said odds are against a major U.S. or global recession occurring in the next 12 months.

Pensions & Investments

Hedge funds betting on stocks are having their best year since 2009 — but they're still getting smoked by the market

August 20, 2017, By Joe Ciolli

The performance of stock hedge funds this year isn't exactly providing a ringing endorsement for the industry.

The average fund is up 7% in 2017, the best seven-month start to a year since 2009, when the market hit its post-financial crisis bottom and embarked upon the ongoing bull market, according to Goldman Sachs. And while that return looks good on paper, it's still trailing the benchmark S&P 500, which has climbed 12% over the period.

[Business Insider](#)

Hawaii taking a hard look at venture capital

August 21, 2017, By Arleen Jacobius

The battle over leadership and share ownership at Uber comes at a time when some investors are rethinking venture capital.

The Hawaii Employees' Retirement System, Honolulu, is reconsidering its investments because of disappointing returns, said Vijoy Chattergy, chief investment officer.

Pension fund officials are currently in the process of investigating how HERS should invest in venture capital and whether it should continue to invest in the asset class, he said.

[Pensions & Investments](#)

Ohio's biggest public pension fund looking at benefit cuts

August 21, 2017, By Laura A. Bischoff

The Ohio Public Employees Retirement System is studying whether to cut the cost of living allowance for its 1-million retirees and members.

OPERS Director Karen Carraher said in a letter to lawmakers that while the system is in a strong financial position now, trustees are exploring options to maintain that fiscal health. It is important to stress we are in the early stages of considerations with the board and are soliciting feedback from the beginning, she wrote.

[Dayton Daily News](#)

Ohio State Teachers returns 14.3% in fiscal year, topping benchmark

August 21, 2017, By Rob Kozlowski

Ohio State Teachers' Retirement System, Columbus, returned a gross 14.29% in the fiscal year ended June 30, 77 basis points above its primary benchmark, said a report on the pension fund's website.

The \$75.1 billion pension fund also reported annualized gross returns of 10.06%, 5.48% and 7.02%, respectively, for the five, 10, and 20 years ended June 30. The pension fund had returned 0.92% in the fiscal year ended June 30, 2016.

[Pensions & Investments](#)

Most multiemployer plans remain well-funded – Segal Consulting survey

August 21, 2017, By Hazel Bradford

The majority of multiemployer pension plans are well funded, with 65% of them funded 80% or better, according to a survey by Segal Consulting released Monday.

By comparison, Segal found 66% of plans in 2015 were in the well-funded "green zone;" the aggregate funded status was 87%.

The average funded status since the financial crisis has been relatively stable, between 85% and 89%, Segal found.

[Pensions & Investments](#)

Cheiron finds 114 multiemployer plans heading to insolvency

August 22, 2017, By Hazel Bradford

As many as 114 multiemployer pension plans expect to become insolvent within the next 20 years, according to an analysis released Tuesday by actuarial consulting firm Cheiron.

The 114 plans have declared themselves to be in "critical and declining" status, a category created by the Multiemployer Pension Reform Act of 2014 to alert regulators to plans in worsening financial condition that expect to fail within 20 years. The 114 plans have total assets of \$43.5 billion and liabilities of \$79.9 billion, and represent 1.3 million participants.

[Pensions & Investments](#)

CalPERS sends letters to 504 companies regarding lack of gender diversity on their boards

August 22, 2017, By Randy Diamond

CalPERS is stepping up efforts to increase the number of women on corporate boards, spokeswoman Megan White confirmed in an email Tuesday.

The latest effort involves sending letters to 504 companies in the Russell 3000 index that have no women on their boards of directors.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Infrastructure and real estate 'really working' for AMP Capital

August 20, 2017, By Jonathan Shapiro

The head of one of Australia's largest asset managers says a shift towards "real assets" such as infrastructure and property has allowed it to flourish in a tough environment for the industry.

AMP Capital, the \$165 billion asset management arm of AMP Ltd, reported an 11 per cent increase in revenues to \$110 million a rare bright spot for the group, and the investment management industry which is coming under increased fee pressure.

[The Australian Financial Review](#)

Pension cold-calling ban to include texts and emails

August 20, 2017, By Brian Milligan

A forthcoming ban on cold-callers who try to scam people out of their pension savings will include emails and texts, the government has announced.

Nearly 3,000 savers have been conned out of an average of £15,000 each since 2014, after fraudsters persuaded them to cash in their pensions.

BBC

UK pensions regulator to prosecute former BHS owner

August 22, 2017, By Nick Reeve

The UK's Pensions Regulator (TPR) is to prosecute the owner of collapsed high street chain BHS for failing to provide information to its investigation.

Dominic Chappell, who was director and majority shareholder of Retail Acquisitions Limited (RAL), which bought BHS in 2015, has been summoned to appear in court on 20 September in Brighton.

In a statement, the regulator said Chappell had failed to comply with three notices requesting information about BHS and its pension schemes, sent between April 2016 and February 2017.

Investment & Pensions Europe

Latest capital controls won't choke off Chinese overseas real estate investments – CBRE

August 22, 2017, By Douglas Appell

The impact of the latest round of capital controls announced Aug. 18 by China's State Council in curbing Chinese overseas direct investment into real estate could be relatively light, said a report by global commercial real estate services firm CBRE Tuesday.

Controls imposed since late 2016 to staunch capital flight and bolster the yuan in currency markets saw Chinese overseas direct investments to real estate for the first half of 2017 plunge 82% from the year before to \$25.6 billion, according to China's Ministry of Commerce.

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