



Weekly Clips, November 10, 2017  
Texas Pension Review Board  
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## **PRB PLANS**

### **Houston voters OK \$1 billion measure to bolster police, city workers pension funds**

November 7, 2017, By Mike Morris

Houston voters passed a \$1 billion pension bond referendum by a wide margin late Tuesday, securing Mayor Sylvester Turner's landmark reform package and, the mayor hopes, marking the beginning of the end of a 16-year fiscal crisis.

The ballot item's passage now means the city can follow through on its plan to infuse \$750 million into the police pension and \$250 million into the municipal workers' pension to improve their funding levels and lower Houston's annual payments into its pension funds.

[Houston Chronicle](#)

## **TEXAS ECONOMIC INDICATORS**

### **Houston economy could add some 70,000 jobs next year: forecast**

November 6, 2017, By Collin Eaton

Now the question is when Houston will return to the economic growth rate that defined the city and drew thousands to the region in the years after the Great Recession in 2009.

In his semiannual forecast on Monday, economist Bill Gilmer said the city's economic fortunes hinge most of all on whether the oil industry regains its footing after a slowdown in drilling this year.

[Houston Chronicle](#)

### **School bond packages draw strong support across Houston**

November 7, 2017, By Mihir Zaveri and Jacob Carpenter

School bond packages and tax proposals across greater Houston drew overwhelming support at the polls Tuesday, with voters poised to authorize more than \$2 billion worth of projects.

Large bond measures in the Spring Branch, Katy and Lamar school districts appeared headed for passage, potentially allowing the districts to modernize aging facilities and construct new buildings in response to explosive growth. Bond and tax proposals in several smaller districts - Pasadena, Tomball, Deer Park, Crosby and Stafford - also drew widespread support among early and absentee voters.

[Houston Chronicle](#)

## **Texans Loosen Regulations That Protected the State During Foreclosure Crisis**

November 7, 2017, By Liz Farmer

Texans on Tuesday opted to loosen some of the tightest home lending restrictions in the country. But some warn that they did so at their own peril.

By a more than two-thirds margin, voters approved a ballot measure that expands who can make a home equity loan, changes the fee structure for those loans, and allows homeowners to convert their home equity loans into regular mortgage loans.

### **Governing**

## **Texas added more new jobs than any other state in October**

November 8, 2017, By David Hendricks

Texas private-sector employers hired at a steady pace in October, adding 25,050 new jobs, according to new data Wednesday from payroll processor Automatic Data Processing Inc. That compares with 23,550 jobs added in August and a six-month average of 25,380, ADP's Regional Employment Report said.

The state's hiring accounted for 10.7 percent of the 235,000 new private-sector hires made in October across the U.S., the most of any state. New York accounted for 8.3 percent and California accounted for 7.2 percent of all new jobs added.

### **My San Antonio**

## **Dallas Mayor Mike Rawlings lauds voters as \$1B bond package garners overwhelming support**

November 8, 2017, By Tristan Hallman

More than half the \$1.05 billion was the streets proposition. The \$534 million proposal included money to resurface some of the city's most decrepit streets, such as parts of Walnut Hill Road in northwest Dallas, North Prairie Creek Road in Pleasant Grove and West Davis Street in North Oak Cliff. The funding will also help add bike lanes, repair sidewalks and convert some one-way streets — McKinney and Cole Avenues in Uptown and Commerce Street in Deep Ellum — into two-way roads.

### **Dallas Morning News**

# **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

## **U.S. Tax Reform-Death to Nonqualified Deferred Compensation**

November 4, 2017, By Gregory J. Viviani

The recently released Republican tax reform proposal (H.R. 1 – Tax Cuts and Jobs Act) has a provision that would effectively be a death knell for many common types of nonqualified deferred compensation plans.

Under the Bill, nonqualified deferred compensation will be subject to income tax when there is “no substantial risk of forfeiture”. In plain English, this means nonqualified deferred compensation will be taxed when, or as, it becomes “vested”, instead of when it is paid.

### **National Law Review**

## **Pension? Not for Corrupt Lawmakers Anymore in New York**

November 4, 2017, By Liz Farmer

Starting next year, long-time lawmakers convicted of corruption in New York can no longer count on their pension. On Tuesday, voters overwhelmingly approved a ballot measure that gives judges the right to trim or revoke the pensions of any public servant convicted of a job-related crime.

The measure was largely driven by outrage over the corruption scandal that forced the resignation of New York Assembly Speaker Sheldon Silver and Senate Majority Leader Dean Skelos in 2015. Both long-time lawmakers put in for their substantial pensions just days after their convictions. (Both of their convictions were later overturned on a technicality.)

### **Governing**

## **Bill would allow pension funds to borrow money to cover losses**

November 6, 2017, By Jack Torry

Sen. Sherrod Brown plans to introduce a bill as early as this week that he says will guarantee that thousands of retirees in the state receive the pensions they were originally promised.

At a news conference Monday in Youngstown, Brown, D-Ohio, and Rep. Tim Ryan, D-Niles, said they want Congress to create a new federal office that would allow no fewer than seven pension funds in the state to borrow enough money to remain solvent and continue providing pensions for their retirees.

The office, which would be called the Pension Rehabilitation Fund and be placed inside the U.S. Department of Treasury, would supervise the loans that would come from the sale of U.S. Treasury bonds from private investors. Brown hopes to attach the bill to a larger spending bill expected to be passed at the end of the year by Congress.

### **Dayton Daily News**

## **U.S. tax reform-401(k) plans saved from the chopping block?**

November 6, 2017, By Michael A. Curto and Stacey Grundman

For the last few weeks, U.S. tax reform deliberations put 401(k) retirement plans on a roller coaster ride. Rumors abounded, including, for example, whether legislators would impose new contribution caps, or eliminate pre-tax contributions altogether. Legislators often have targeted the tax-advantaged status of retirement savings plans as a revenue raiser to pay for federal programs and competing tax breaks. The House Republicans' release of the Tax Cuts and Jobs Act (the "Act") on November 2 appears to have stopped the roller coaster – at least temporarily.

### **National Law Review**

## **Tax Breaks in the New Hurricane Legislation for Employers and Taxpayers**

November 7, 2017, By Diane M. Morgenthaler, Ruth Wimer and Rick Stepanovic

The Disaster Tax Relief and Airport and Airway Extension Act of 2017 provides a new favorable tax credit for eligible employers affected by recent hurricanes, as well as expanded charitable deductions and tax credits for certain taxpayers.

The recent Disaster Tax Relief and Airport and Airway Extension Act of 2017 provides a new favorable tax credit for eligible employers affected by Hurricanes Harvey, Irma and Maria, and provides expanded charitable deductions and tax credits for certain taxpayers.

### **National Law Review**

## **N.Y pension fund manager charged with taking bribes pleads guilty**

November 8, 2017, By Brendan Pierson

NEW YORK (Reuters) - A former portfolio manager at New York state's retirement fund pleaded guilty to two counts of conspiracy on Wednesday after U.S. prosecutors accused him of steering more than \$3 billion in trades to two brokerages in exchange for bribes that included vacations, cocaine and prostitutes.

Navnoor Kang, 37, former director of fixed income and head of portfolio strategy at the New York State Common Retirement Fund, entered his plea before U.S. District Judge Paul Oetken in Manhattan federal court, according to James Margolin, a spokesman for the prosecutors.

[Reuters](#)

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

## **Cyber-thieves used 'pretty clever' tactic to steal IPERS' pension benefits**

November 6, 2017, By William Petroski

In an effort to bolster security, the Iowa Public Employees' Retirement System, which provides pensions to 115,000 retirees, said Monday it is no longer accepting Social Security numbers for retirees registering for online account access. In addition, the system is monitoring all new online registrations and failed log-in attempts.

The breach was uncovered last week when IPERS learned that 103 retirees' accounts had been compromised in mid-October. In each case, the money was stolen from accounts owned by retirees who had not previously established online account access, said IPERS' spokeswoman Judy Akre.

[Des Moines Register](#)

## **Official: Georgia teacher pension to cost at least \$351 million more**

November 6, 2017, By James Salzer

"The (fiscal) 2019 budget is projecting revenue growth," MacCartney said. "The reality is the largest single item you will see in the budget is pensions."

She said Gov. Nathan Deal and lawmakers next year will need to add at least \$351 million to the more than \$1.5 billion the government already puts into the teacher pension system. And she said that figure might grow.

[Politically Georgia](#)

## **Would a corporate "tax holiday" boost the U.S. economy?**

November 7, 2017, By Rachel Layne

Would a so-called tax holiday for U.S. corporations, as proposed under the Republican tax bill, create more jobs and otherwise spur economic growth?

Not if history is any guide. A tax cut on profits companies hold outside the U.S. 13 years ago didn't yield as big a boost as advocates claimed it would, drawing critics ranging from the conservative Heritage Foundation to the liberal Institute for Policy Studies.

[CBS News](#)

## **Will Kentucky's pension crisis cripple regional universities and community colleges?**

November 7, 2017, By Linda Blackford

Teachers and state employees aren't the only ones worried about Kentucky's pension crisis. Education officials estimate that Kentucky's six regional universities and the Kentucky Community and Technical College System will have to pay 70 percent more next year to fund the pensions of thousands of their workers. It's a combined increase of \$47 million.

### [Lexington Herald Leader](#)

## **Job Market Chugs Along as Openings Near All-Time High**

November 7, 2017, By Andrew Soergel

Job openings clocked in just shy of an all-time high in September in the midst of hurricane recovery efforts in portions of Florida, Texas and the southeastern U.S.

Openings managed to climb to nearly 6.1 million that month, marking the labor market's third-highest vacancy total of all time behind only July and June of this year, according to the latest Job Openings and Labor Turnover Survey published Tuesday by the Bureau of Labor Statistics. Openings have now registered a total of at least 6.09 million for four consecutive months.

### [US News](#)

## **Pension Plan for Teachers Would Cost Taxpayers \$4.4 Billion**

November 9, 2017, By Adam Beam, Associated Press

FRANKFORT, Ky. (AP) — Kentucky Gov. Matt Bevin's plan to overhaul the retirement system for public school teachers would cost taxpayers an extra \$4.4 billion over the next 20 years, according to a new analysis, a whopping cost that potentially complicates the proposal's prospects in the House as GOP leaders struggle to find votes for it.

The analysis by Cavanaugh Macdonald Consulting is the first official scoring of Bevin's proposal, which he unveiled last month. A similar analysis will be completed for the retirement system that covers state workers.

### [U.S. News](#)

## **Goldman Sachs CEO: China's economy will surpass the US, and by one measure it already has**

November 9, 2017, By Matthew J. Belvedere

"These are the two biggest economies in the world," Blankfein said in an interview from Beijing, where he is traveling with President Donald Trump as part of a delegation of business leaders.

"On a constant dollar basis," taking inflation into account, the Chinese economy is not that close to exceeding the U.S. economy in the near term, Blankfein said. U.S. gross domestic product was about \$18.5 trillion in 2016 compared with Chinese GDP of \$11.4 trillion.

According to a PwC study, the Chinese economy will overtake the U.S. economy by 2030 by about \$26.5 trillion to \$23.5 trillion. But on the measure of "purchasing power," China has already surpassed the U.S., Blankfein said.

### [CNBC](#)

## **N.Y. Fed sees U.S. economy growth near 3.2 percent in fourth quarter**

November 10, 2017, By Reuters Staff

NEW YORK (Reuters) - The New York Federal Reserve on Friday kept its view on U.S. gross domestic product growth for the fourth quarter near 3.2 percent given the dearth of economic data this week.

The regional central bank's "Nowcast" model calculated the economy was expanding at an annualized pace of 3.15 percent in the fourth quarter, quicker than the 3.16 percent rate calculated a week earlier.

[Reuters](#)

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

### **Oil hits two-and-a-half year peak on Saudi purge, world shares retreat**

November 5, 2017, By Ritvik Carvalho

Oil jumped to its highest in over two years on Monday as Saudi Arabia's crown prince cemented his power through a crackdown on corruption, while world shares eased a notch and major currencies traded in tight ranges.

Oil prices reached their highest since July 2015 as Mohammed bin Salman's purge led to arrests of royals, ministers and investors including prominent billionaire investor Alwaleed bin Talal.

[Reuters](#)

### **Investors Worldwide Size Up Palace Intrigue in Oil-Rich Kingdom**

November 5, 2017, By Clifford Krauss

Prince Mohammed recently invited more than 3,500 investors, corporate chief executives, and leaders of nongovernmental organizations to Riyadh for a three-day conference intended to promote future business opportunities. Officials promised that the public offering of the state oil company, Saudi Aramco, would go forward and that the sovereign wealth fund would soon rank among the richest in the world with more than \$400 billion in assets by 2020. They pledged to build a utopian megacity on a stretch of deserted land that would attract capital and talent from all over the world.

[The New York Times](#)

### **UK business demands Brexit clarity but PM May provides none**

November 5, 2017, By William James, Andrew MacAskill

LONDON (Reuters) - British businesses urged Prime Minister Theresa May on Monday to provide clarity on how Brexit will work, but she gave no new details beyond reiterating plans to seek a transition deal as soon as possible.

Talks on how goods and services will flow between Britain and the European Union after Brexit in March 2019 have made slow progress, fueling fears of an exodus of multinational firms.

Speaking to business leaders, May said she understood the importance of clarity for employers and that she hoped for an "implementation period" that would allow the same trading conditions to continue for around two years after Brexit.

[Reuters](#)

## **Six Charts That Explain Complex U.S. Trade Ties With South Korea**

November 6, 2017, By Randy Woods

Donald Trump's trip to South Korea on Nov. 7 could prove awkward and downright contentious at times, as the president has frequently complained about America's trade relations with the Asian country.

He blames the 2012 free-trade agreement between the two for hurting American companies and workers, and has threatened to withdraw if the countries can't rework something that's better for the U.S. South Korea has renegotiate the pact, which is popularly known as Korus, though no timeframe or specific objectives have been set for talks.

### **Bloomberg**

## **Here's what the Saudi royal purge means for investors**

November 7, 2017, By Thomas Heath

There is more than oil prices at stake. Investors worldwide should pay attention to the goings-on in the Gulf, because the events could have ramifications on things as varied as U.S. corporate profits, Wall Street jobs and that dividend they collect on their oil company shares.

Funded by oil prices, the country pays corporations around the globe billions of dollars every year to build its engineering projects, run its oil fields and technology, and provide weapons for its security.

### **The Washington Post**

## **Brazil government plans to dilute unpopular pension reform bill**

November 8, 2017, By Lisandra Paraguassu

BRASILIA, Nov 8 (Reuters) - The Brazilian government will propose a watered down version of its unpopular pension reform this week because the original bill does not have enough votes to pass Congress, its deputy lower house whip said on Wednesday.

Congressman Darcísio Perondi told reporters a deal could be agreed on Thursday and the governing coalition will table a "more palatable" proposal by Friday. The amendment will keep the establishment of a minimum retirement age of 65 for men and 62 for women, but other details such as required years of contributions must still be worked out, Perondi said. The average retirement age is now 55.

### **Reuters**

## **Global stocks dip on U.S. tax doubts**

November 9, 2017, By Kit Rees

The MSCI world index has gained more than 18 percent so far this year and some investors believe a pullback is due. "I think there's a feeling out there that there's a long awaited correction, and no one wants to be caught by surprise," Emmanuel Cau, global equity strategist at JP Morgan, said.

"When the market is down a bit people tend to extrapolate. But I think it's simply a bit of profit taking and digesting from a very strong September and October."

### **Reuters**

## **China Moves to Open Market for Financial Firms in Historic Step**

November 9, 2017, By Bloomberg staff

China took a major step toward the long-awaited opening of its financial system, saying it will remove foreign ownership limits on banks while allowing overseas firms to take majority stakes in local securities ventures, fund managers and insurers.

The new rules, unveiled at a government briefing on Friday, will give global financial companies unprecedented access to the world's second-largest economy. The announcement coincided with Donald Trump's visit to Beijing and bolstered the reform credentials of Chinese President Xi Jinping less than a month after he cemented his status as the nation's most powerful leader in decades.

### **Bloomberg**

## **Global Economy: Communication breakdown?**

November 10, 2017, By Catherine Evans

Curve-flattening on both sides of the Atlantic, but more markedly in the United States, suggests investors have doubts over the future path of inflation and may be starting to price in a downturn just as the global economy picks up speed.

Since the Fed began raising rates in 2015, the difference between long- and short-term U.S. yields has shrunk to levels not seen since before the 2008 financial crisis, reaching 67 basis points US2US10=RR -- its flattest in a decade -- in the past week.

That partly reflects uncertainty about the passage of a Republican-sponsored bill to cut U.S. taxes, which has hauled down longer-term projections of inflation while expectations for upcoming rate increases push short-term yields higher.

### **Reuters**

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