



Weekly Clips, February 2, 2018
Texas Pension Review Board
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PRB PLANS

Dallas Police Department hiring lags as firefighter hiring surges

January 29, 2018, By Tristan Hallman and Naheed Rajwani

Last year, problems with the Dallas Police and Fire Pension System drove the high attrition rates. The system was on track for insolvency within 10 years, and some believed the city might try to let it languish rather than throw it an expensive life raft. The benefit cuts and contribution hikes in the legislative fix also prompted retirements.

Police and fire officials don't know if this month might bring a final big wave of retirements. But the pension fund, while still not in great health, is at least stable now.

[The Dallas Morning News](#)

State Panel Says Galveston Pension Underfunded for 17 Years

January 31, 2018, By Associated Press

A state pension review panel says Galveston has been underfunding the city's police pension for the past 17 years.

A Texas Pension Review Board report released last week also says the Galveston fund is facing "significant financial stress" and that current police officers are contributing more to the plan than they will ultimately receive. The Galveston County Daily News reports the fund is facing \$29 million in unfunded liabilities.

[U.S. News](#)

TEXAS ECONOMIC INDICATORS

In report, Texas Gov. Greg Abbot boasts economic growth, record unemployment

January 29, 2018, By Emma Platoff

The state of our state is strong, Gov. Greg Abbott pledged in a report released Monday.

The 42-page "Report to the People of Texas," which highlights the status of various industries and projects within the state, paints a rosy picture of progress over the last year: top rankings in business and education, vast population growth and hundreds of thousands of jobs created. Still, it skims over a few major challenges Texas faced in 2017 — including a high-profile, long-enduring lawsuit over the state's treatment of its foster children and the Legislature's failure to reach a deal on overhauling its public school finance system.

[Texas Tribune](#)

Despite sunny economy, Texas budget forecast is dreary

January 30, 2018, By Edgar Walters

The Texas economy is growing healthily, but that doesn't mean state budget writers will have more money at their disposal next year, state officials said Tuesday.

In fact, though unemployment is low and tax revenue is on the rise, big bills coming due for the state's highways and health care programs are giving Texas lawmakers reason for concern. "I would like to offer a few words of caution for reading too much into the positive recent economic numbers," Texas Comptroller Glenn Hegar told lawmakers at a Senate Finance Committee hearing.

[Texas Tribune](#)

Hurricane Harvey rebuilding could produce economic boost for Texas

January 30, 2018, By Jeremy Wallace

The state is expecting an economic boom from Hurricane Harvey, a key state official told the Texas Senate on Tuesday.

While the state will struggle financially this year as it recovers from one of the worst storms in state history, State Comptroller Glenn Hegar told the Senate Finance Committee that next year there will likely be a financial benefit to the state economy thanks to all of the rebuilding work in the Lone Star State.

[Houston Chronicle](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Judge again approves deal to prop up hospital pension plan

January 28, 2018, By San Antonio Express-News Staff

GULFPORT, Miss. (AP) — A federal judge on Friday approved a south Mississippi hospital's plan to settle a lawsuit over its financially troubled pension system, although opponents question whether the plan will work.

U.S. District Judge Louis Guirola Jr. on Friday ruled in favor of the plan for Singing River Health System to pay more than \$156 million to its pension fund over 35 years.

[San Antonio Express-News](#)

Pension reform bill won't come before lawmakers have change to size up re-election bids

January 29, 2018, By Tom Loftus

The first four weeks of the 2018 legislative session have come and gone, and the bill that is far and away the top priority of Republicans who hold all the power in Frankfort — pension reform — has yet to be filed. And don't expect the bill to be filed before 4 p.m. Tuesday — the deadline for candidates to file for elections to the General Assembly this year. After that deadline passes, Republican leaders will have a clearer idea of how many of their members might vote for a bill that may be unpopular with public employees and retirees.

[Courier-Journal](#)

Tax Reform: What Does It Mean for Your Compensation and Benefit Plans?

January 29, 2018, By Sarah Roe Sise

Retirement Plans. Upon termination of employment, an outstanding loan under a qualified retirement plan may be treated as a distribution, especially if the participant takes a distribution of the remaining portion of his or her accounts under the plan. The participant may rollover the loan balance to another eligible retirement plan if he or she can come up with the money. For loans that are offset after 2017, the Tax Reform Act extends the period a participant has to rollover the loan amount from only 60 days to the due date for filing a federal income tax return for that year.

[The National Law Review](#)

Pension funding bill faces opposition

January 30, 2018, By Allison DeAngelis

Local officials say they are frustrated after the state Legislature voted against a bill that would have restored a portion of the retirement state funding towns lost five years ago — a cut that has added millions of dollars to local budgets leading to increases in the tax rate. Up until 2012, the state covered about 30 percent of municipal retirement costs that go towards paying retired teachers, firefighters and police officers. However, the state halted those payments, the cities and towns are now footing the full tab for those obligations.

[Eagle Tribune](#)

N.J. Lawmakers try again to spin off management of pension fund for police, firefighters

February 2, 2018, By Nicholas Pugliese

Lawmakers have relaunched an effort to spin off management of the pension fund for police and firefighters from New Jersey's larger \$78 billion pension system, a move that Gov. Chris Christie blocked last year over concerns that it gave labor unions a "blank check" to enhance their benefits at taxpayers' expense. The bipartisan measure, which is supported by the four unions representing police officers and firefighters but opposed by representatives of municipal and county associations, was approved unanimously by the Senate state government committee on Thursday.

[northjersey.com](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

MetLife finds accounting issue, boosts pension, annuity reserves

January 29, 2018, By Bloomberg staff

MetLife Inc. uncovered a "material weakness" in financial reporting and reached out to regulators about its lapses after determining that it didn't have enough money set aside to pay some annuity and pension customers. Shares plunged 9.9% on the news.

Full-year net income for 2017 was cut by \$165 million to \$195 million, the New York-based insurer said Monday in a statement. The company said it is responding to inquiries from the Securities and Exchange Commission as well as state regulators from New York and other locations.

[Pensions & Investments](#)

U.S. pensions seen adding bonds, paring stocks: Wells Fargo

January 29, 2018, By Reuters Staff

U.S. pensions are expected to shift more money into bonds and out of equities to rebalance their holdings at month-end in the wake of strong gains in the stock market in January, Wells Fargo strategists said on Monday.

The possible increased allocation into bonds comes as global bond yields have been rising on strengthening business activities across the world and expectations of reduced stimulus from major central banks.

Reuters

Illinois Could Consider \$107 Billion Pension Bond Gamble

January 30, 2018, By Chris Butera

Lawmakers in Illinois are so desperate to shore up the state's massively underfunded retirement system that they're willing to entertain an eye-popping wager: Borrowing \$107 billion and letting it ride in the financial markets.

The legislature's personnel and pensions committee plans to meet on Jan. 30 to hear more about a proposal advanced by the State Universities Annuity Association, according to Representative Robert Martwick. The group wants Illinois to issue the bonds this year to get its retirement system nearly fully funded, assuming that the state can make more on its investments than it will pay in interest.

Chief Investment Officer

New York Pension Fund Doubles Bet on Low-Carbon Companies

January 30, 2018, By Sarah Krouse

Scrambling for a solution to shore up its pensions and eliminate its \$129 billion pension debt, Illinois lawmakers will meet Tuesday to discuss a proposal that could see the largest municipal debt sale in history.

Reported by Bloomberg, who corresponded with Rep. Robert Martwick, the State Universities Annuity Association's (SUAA) proposal wants Illinois to issue \$107 billion in bonds in order to fully fund its flailing retirement system. This debt sale, of course, would assume that the pension system's investments would produce more yield than its interest payments.

The Wall Street Journal

California cities say pension costs are high- and will get even higher in the next few years

February 1, 2018, By John Myers

Most cities have pension benefits managed by the California Public Employees' Retirement System, or CalPERS. Returns on CalPERS' \$346-billion portfolio haven't met long-term expectations over recent years. As of the summer of 2016, the system was projected to have assets to cover only 68% of its future obligations.

Los Angeles Times

The economy added 200,000 jobs in January

February 2, 2018, By Danielle Paquette

The economy added 200,000 jobs in January as the unemployment rate stayed at 4.1 percent, federal economists reported Friday.

Analysts had predicted the job additions of about 180,000 jobs last month.

The unemployment rate has hovered at the lowest levels since the final months of Bill Clinton's presidency in 2000. It has been slowly declining since a peak of 10 percent in 2009.

[Washington Post](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Every One of the World's Big Economies Is Now Growing

January 27, 2018, By Peter S. Goodman

A decade after the world descended into a devastating economic crisis, a key marker of revival has finally been achieved. Every major economy on earth is expanding at once, a synchronous wave of growth that is creating jobs, lifting fortunes and tempering fears of popular discontent.

No tidy, all-encompassing narrative explains how the world has finally escaped the global downturn. The United States has been propelled by government spending unleashed during the previous administration, plus a recent \$1.5 trillion shot of tax cuts. Europe has finally felt the effects of cheap money pumped out by its central bank.

[The New York Times](#)

Surge in oil price could derail global economy

January 29, 2018, By Tim Wallace

Higher oil prices could knock the global economic resurgence off course, analysts have warned, as the price has jumped by more than 50pc since its most recent low point in June 2017.

JP Morgan and Barclays have both raised their forecasts for the oil price over the next year, and Morgan Stanley analysts warn it poses "upside risks" to inflation forecasts, as higher oil prices typically lead to higher energy and fuel costs which feed through into higher prices for other goods and services.

[Telegraph](#)

Factories start 2018 on solid footing

February 1, 2018, By Johnathan Cable and Marcus Zaharia

LONDON/HONG KONG (Reuters) - Factories across the globe got off to a strong start this year, with manufacturing activity in most countries gaining momentum and hitting multi-year highs.

Business surveys from Europe and Asia showed solid activity and output, reinforcing expectations for another year of synchronized global expansion that has propelled many world stock markets to or close to record highs.

[Reuters](#)

Broad global economic growth powers international fund flows

February 1, 2018, By Alex Veiga

As the U.S. stock market climbs further into record territory, investors are increasingly putting money on a relatively less expensive alternative: funds that own international equities.

Inflows to long-term mutual funds and exchange-traded funds, or ETFs, focused on international stocks have been increasing this year and also outpacing flows into funds invested in U.S. stocks, according to data from the Investment Company Institute.

[Houston Chronicle](#)

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