



Weekly Clips, February 16, 2018
Texas Pension Review Board
P.O. Box 13498 · Austin, TX 78711-3498
www.prb.state.tx.us

PRB PLANS

Retired teachers relying on Texas health care system face uncertain future

February 14, 2018, By Wes Rapaport

AUSTIN (KXAN) — Many retired teachers who get health insurance and benefits through the Teacher Retirement System of Texas have noticed spikes in premiums after more than a decade with minimal increases.

“I understand that everything is going up, prices increase, but to go up more than about \$400 more is unbelievable,” retired El Paso teacher Rowena Garcia said. The bills each month for her and her husband shot up from \$130 to \$529.

[KXAN](#)

TEXAS ECONOMIC INDICATORS

Houston economy still expanding, purchasing manager' index shows

February 12, 2018, By Collin Eaton

Houston's economy kept growing in January, even though readings for sales, production and employment levels all declined somewhat overall, according to a closely watched economic index.

The purchasing managers' index, a monthly indicator of economic activity based on business surveys, showed a slight increase to 54.8 last month, up 0.3 points in January, marking the third consecutive monthly expansion. On a scale of 0 to 100, a PMI reading of 50 or more indicates the economy expanded in a given month.

[Houston Chronicle](#)

Best in America: Houston, DFW added the most manufacturing jobs in the country last year

February 15, 2018, By Evan Hoopfer

Of the 15 largest Metropolitan Statistical Areas in the country, Houston tied with Dallas-Fort Worth for the most manufacturing jobs added in 2017.

Houston and North Texas each added 8,800 manufacturing jobs last year, according to data from the U.S. Bureau of Labor Statistics examined by the Dallas Business Journal. For Houston, that represents a 4 percent increase in manufacturing employment year over year.

[Dallas Business Journal](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Trump Formalizes 2019 pay Freeze Proposal, Revives Benefits Cuts

February 12, 2018, By Erich Wagner

The Trump administration announced Monday that it will seek a pay freeze for all civilian employees in 2019, confirming a plan long expected from the White House.

The administration's fiscal 2019 budget proposal released Monday by the Office of Management and Budget also includes a number of provisions that would cut federal workers' retirement and other benefits.

Government Executive

R.I. high court sides with state in cutting former police officer's pension

February 12, 2018, By Katherine Gregg

The Rhode Island Supreme Court has sided with the state Retirement Board in a case centering on the \$48,893 disability pension paid to lawyer and former Cranston police officer John Grasso, who fought back after then-General Treasurer Gina Raimondo suspended his pension.

In a decision issued Monday, the state's high court vacated a Nov. 15, 2015, decision by Superior Court Judge Netti Vogel that, in effect, said Grasso — who had been receiving a tax-free, disability pension since 2002 — was not subject to an earnings offset in the event he found other "gainful employment" and independent medical examinations in order to continue receiving his tax-free pension.

Providence Journal

Bill would give all Maryland law enforcement officers injured in line of duty same disability retirement pension

February 12, 2018, By Erica Butler

Easton, an Aberdeen Police Department officer, was shot in the face with pellets from a shotgun blast. The shooting left him blind in his left eye and unable to go back to work for the Aberdeen Police Department.

Aberdeen didn't have what Sandi Easton or Lisanti thought was an adequate provision for officers who are injured in the line of duty and can't return to work, they said.

The Baltimore Sun

Arizonans may pay higher court fees with new bill to fund pensions for judges, politicians

February 12, 2018, By Craig Harris

It may cost Arizonans more to use the state's court system, after a House panel Monday voted to increase judicial fees to prop up the severely underfunded pension fund for politicians and judges.

HB 2564 raises 55 Superior Court and 15 justice base court fees, while slightly cutting the distribution formulas for domestic-violence services, child-abuse prevention and county general services.

AZ Central

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Kentucky business leaders tell lawmakers to dump teachers' defined-benefits pensions

February 11, 2018, By John Cheves

Some of Kentucky's wealthiest business leaders and best-connected Republican activists sent a letter to state legislators Friday warning that school teachers and other public employees are getting too sweet a deal on their pensions. The one-page letter, apparently emailed to all members of the General Assembly, said any pension changes made during the 2018 legislative session must include "moving all future employees from a defined-benefits system to a defined-contribution system."

Lexington Herald Leader

Stock Market Swings May Rock More Minds Than Wallets

February 12, 2018, By Asma Khalid

Relatively few Americans actively trade or own stocks. But a 10 percent drop in the markets can affect our attitudes about the economy, even for those who don't invest, says James Poterba, president of the National Bureau of Economic Research and an economist at the Massachusetts Institute of Technology.

When the stock market goes up, people typically spend more. Even if most of that spending is concentrated among people with high incomes, it still powers the economy. According to Poterba's research, every extra \$1 of disposable income in your stock portfolio leads to about 2 to 3 cents in additional spending.

Texas Public Radio

Next Crisis in Finance May Be Public Pensions, \$1.2 Trillion Asset Manager Says

February 12, 2018, By Katherine Chiglinsky

Lawmakers from New Jersey to Illinois to California are struggling to fill shortfalls. U.S. public pensions had 71.8 percent of assets required to meet obligations to retirees as of the fiscal year ended June 2016, according to a report by the Center for Retirement Research at Boston College.

PGIM, owned by Newark, New Jersey-based Prudential Financial Inc., counts 147 of the 300 largest global pension funds among its clients. Hunt said that corporate funds generally do a better job than their public counterparts.

Bloomberg

New York State Common returns 4.12% for quarter

February 12, 2018, By Robert Steyer

The New York State Common Retirement Fund, Albany, posted a 4.12% return on investment, net of fees, for the three months ended Dec. 31, the third quarter of the pension fund's fiscal year. "A strong equities market continued to provide solid returns on investments during the last three months of 2017," said Thomas DiNapoli, the state comptroller and sole trustee of the \$209.1 billion fund, in a news release Monday.

Pensions & Investments

The pension nightmare for California's cities is getting scarier

February 12, 2018, By Editorial Board

After years of denial, California's cities are finally waking up to their pension nightmare. Unfortunately, now the crisis is so dire that there are no painless choices left. To keep up with ballooning pension payments, cities soon will have to raise taxes or cut services, or both.

Loudly sounding the alarm, the League of California Cities reported this month that most members expect pension costs to jump by at least 50 percent by 2024-25. Pension payments – now about 11 percent of general fund budgets on average – will eat up about 16 percent by then. That doesn't include increases in retiree health care costs and other benefits. In extreme cases, the pension burden could lead to more bankruptcy filings like Stockton's and San Bernardino's in 2012.

[The Sacramento Bee](#)

Explainer: Rising U.S. inflation and what it means for markets

February 13, 2018, By Chuck Mikolajczak Mutikani

U.S. financial markets have been roiled recently by something neither the economy nor investors have had to contend with for the better part of a decade: concerns they may soon have to reckon with rising inflation.

The S&P 500 .SPX.INX is down more than 7 percent from its lifetime high hit on Jan. 26 through Feb. 13, after falling as much as 10.2 percent, and yields on the benchmark U.S. 10-year note US10YT=RR have climbed to a four-year high, largely due to inflation worries.

[Reuters](#)

Illinois governor takes aim at pension healthcare costs in budget

February 14, 2018, By Karen Pierog

The budget for the fiscal year starting July 1, which includes \$37.6 billion in general fund spending, would save money by phasing out state funding for certain pension costs.

It also seeks to cut \$470 million from employee healthcare costs by removing that benefit from collective bargaining with unions. With health coverage and pensions accounting for 25 percent of state spending, the Republican governor said Illinois needs to make changes.

[Reuters](#)

The stock market's worst-case scenario is playing out

February 14, 2018, By Joe Ciolli

Just when it looked as if the US stock market was picking itself up off the mat after suffering a sharp correction, it got the worst possible news: Inflation rose by more than expected in January.

Major indexes wasted no time in reversing premarket gains as futures contracts dropped more than 1% following the data release. And while the S&P 500 finished up roughly 1.3% in regular trading as the Dow Jones industrial average also climbed 1%, there's no denying the instant negative impact the inflation reading had on stocks.

[Business Insider](#)

Low-Carbon Investing Is Growing

February 15, 2018, By Emily Chasan, Brian Eckhouse, and Eric Rostan

We are shifting to mainstream adoption. Very large investors from New York State Common to CalSTRS to Japan's GPIF are using this. Investors have a carbon risk that's mispriced in their portfolios. If you are a pension fund, insurance company or sovereign wealth fund and you're supposed to invest for the next three, five, 10 or even 50 years, then you have to manage this risk. It's just part of your job and fiduciary responsibility.

[Bloomberg](#)

State Pensions Need Reforms, Not Fewer Options

February 15, 2018, By Wayne Winegarden

Across the country, state and local pension systems have not amassed enough assets (stocks, bonds, and other financial investments) to cover the retirement benefits promised to current and retired state and local employees. This gap is referred to as the pension funds' "unfunded liabilities".

[Forbes](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Poland Wants to Increase Savings by \$6 Billion a Year

February 14, 2018, By Konrad Krasuski and Marek Strzelecki

Poland's government is drafting a voluntary, employer-provided pension program that its author says will boost the country's savings by 20 billion zloty (\$6 billion) a year and strengthen Warsaw's capital market.

Pawel Borys, the architect of the program who's also the head of the state's development fund, told Bloomberg the government proposal may take effect from the start of next year. The plan is set to be the first stage of a bigger industry revamp, with the cabinet also preparing to overhaul the existing system of pension funds, which manage \$54 billion in assets, including 43 percent of the Warsaw bourse's free float, he said.

[Bloomberg](#)

Michel Temer is trying to fix Brazil's pension systems

February 15, 2018, By Economist Staff

On February 19th they will begin debating a proposal by the government to reform pensions. It is congress's most important task. Without change, the publicly financed pension systems for private- and public-sector workers will overload the government with debt, sap spending on other priorities, such as reducing poverty, and crimp economic growth.

[The Economist](#)

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