



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

After his felony conviction, state Sen. Carlos Uresti's job is at risk. But his pension is safe.

February 23, 2018, By Emma Platoff

The size of a government pension is determined by a legislator's years served. Since Uresti has served nearly 21 years in the Legislature — combined with potential additions for his four years of active service as a U.S. Marine and other optional service credits — his pension could already be as large as \$89,000 per year.

Felons are ineligible to serve in the Texas Legislature, but Uresti can keep his seat while he appeals. If he serves until the end of his current term in January 2021 his pension could grow by more than \$9,000.

[Texas Tribune](#)

TEXAS ECONOMIC INDICATORS

Houston's budget crisis redux

February 25, 2018, By Houston Chronicle Staff

If you thought Mayor Sylvester Turner's \$1 billion pension bond issue solved all of Houston's budget problems, think again.

A newly released consultant's report offers a grim assessment of the city government's financial future: Houston is on track to spend \$1 billion more than it will take into its coffers in the coming decade. The city will have to dramatically cut spending and raise revenue to balance its budget. Otherwise it will eventually face insolvency, triggering layoffs in the city workforce, a shrinking police department and a general decline in services.

[Houston Chronicle](#)

Houston companies to use tax savings to pay debts, invest over wage hikes

February 26, 2018, By Collin Eaton

Most Houston companies plan to use their tax savings this year to pay down debt and invest in their businesses, while a smaller number will raise wages, a new study shows.

In a survey designed to check the pulse of corporate America, JPMorgan Chase & Co. found that eight in 10 of Houston's midsized businesses plan to either reduce debts or increase investments this year in the wake of the GOP's corporate tax cuts. About a third said they'll lift pay for workers.

[Houston Chronicle](#)

San Antonio Has Gotten Bigger, But Not Necessarily Better, Over Last Decade

February 28, 2018, By Kimberly Reeves

San Antonio has seen some of the strongest economic growth in the country over the last decade, but lags when it comes to high wages and income distribution. The Brookings Institute's Metro Monitor measures the economic health of the nation's top 100 cities each year. Texas, in general, has weathered the Great Recession better than most states. But when it comes to reaping the benefits of a rebounding economy, larger cities on each coast are bigger beneficiaries.

[BIZNOW](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Supreme Court to Decide Fate of Public-Sector Unions

February 25, 2018, 2018, By Jess Bravin

Public-employee unions face a reckoning Monday when the Supreme Court hears a long-anticipated lawsuit seeking to strip them of the power to bill collective-bargaining costs to employees who don't want to pay.

The case arrives at the court as a dispute between a state employee in Springfield, Ill., and the union that represents his bargaining unit over a \$45 monthly payroll deduction. The stakes are much higher: A ruling for the plaintiff would sap the strength of public-employee unions in states where they have been a pillar of the Democratic Party coalition.

[The Wall Street Journal](#)

Puerto Rico Workers Raise Red Flags on Public 401(k)-Style Plan (1)

February 28, 2018, By Carmen Castro-Pagan

The government of Puerto Rico and its federal oversight board were asked to explain what happened to the money of tens of thousands of public workers who've been contributing to the government's 401(k)-style plan for at least six months.

Four national unions want a federal judge to authorize discovery to "understand" whether and, if so, how the Commonwealth of Puerto Rico took money--via employee contributions deducted from their pay--without depositing it into individual employee accounts.

[Bloomberg BNA](#)

Need Some Cash? Congress Just Made It Easier to Withdraw Retirement Account Money

February 28, 2018, By Joe Lustig

Buried in the new law that will keep the government running for another two years is a set of changes affecting hardship withdrawals from 401(k) accounts and other retirement plans. While the changes should make it easier for employees to access funds in their retirement accounts when they have pressing financial needs, retirement plan sponsors will need to reexamine hardship distribution options under their plans before the changes take effect in 2019.

[Bloomberg BNA](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Chicago Policemen pension fund sells private equity portfolio to improve liquidity

February 26, 2018, By Christine Williamson

In a move to improve the liquidity of the \$2.6 billion Chicago Policemen's Annuity & Benefit Fund, the pension fund's board of trustees authorized internal investment staff to get out of private equity.

The portfolio of private equity funds of funds was sold on the secondary market at the end of 2017 with the assistance of investment bank Evercore Group, said Aoifinn Devitt, the pension fund's chief investment officer.

Pensions & Investments

Pension Funds Under Pressure To Sell Off Investments In Gun-Makers

February 26, 2018, By Yuki Noguchi

Since the mass killing at a Parkland, Fla., high school earlier this month, many teachers have called on their state pension funds to sell their stakes in gun-makers. Private investment firms including BlackRock and Blackstone are reviewing their firearms investments in response to clients' demands. But even those sympathetic to their position say divesting from those companies doesn't lead to industry change.

NPR

Fix the Pensions, Fix the Tunnels

February 26, 2018, By Nicole Gelinias

If states reduced their unfunded liabilities, they could afford to invest more in infrastructure.

The hallmark of President Trump's second year in office is supposed to be infrastructure. On February 12, the White House released its blueprint for, as Trump put it last June, "new roads, bridges, tunnels, airports, and railways gleaming across our very, very beautiful land." Though it offers some changes to business as usual, the plan isn't ambitious enough. The key to long-term success in fixing America's physical assets is to stop treating three problems — decaying bridges, soaring public-sector pension costs, and fraying private-sector retirement security — as separate. They are inextricable.

National Review

Kentucky Pension Reform: Plan would give local governments, schools more time to pay tabs

February 27, 2018, By Tom Loftus

A plan to give local governments, school districts and others more time to adjust to the soaring pension costs they face beginning later this year was approved by the Senate budget committee Tuesday morning.

The measure would limit pension contribution increases for cities, counties, school districts and others in the County Employees Retirement System to 12 percent a year.

Courier-Journal

US economic growth revised down slightly to 2.5 pct. In Q4

February 28, 2018, By Martin Crutsinger

U.S. economic growth was revised down slightly to a still-solid 2.5 percent annual rate in the final three months of last year, as business spent less on investment and restocking shelves than the government had previously estimated.

The fourth quarter advance in the gross domestic product, the economy's total output of goods and services, followed even faster increases of 3.1 percent at a seasonally adjusted annual rate in the second quarter and 3.2 percent in the third quarter, the Commerce Department reported Wednesday.

[U.S. News & World Report](#)

New Jersey treasurer resets public pension rate of return

March 1, 2018, By Hilary Russ

NEW YORK (Reuters) - New Jersey's treasurer said on Thursday she will increase the expected rate of return for the state's struggling public pension system from 7 percent to 7.5 percent, then lower it again over time.

The switch to a higher assumed rate means that the state, and participating local governments in New Jersey, will for now escape the higher costs that arise when investment return assumptions are lowered.

[Reuters](#)

U.S. stocks take more losses in sell-off triggered by fears of a trade war

March 2, 2018, By Thomas Heath

Investors across the globe signaled high anxiety about President's Trump pledge to impose tariffs on imports — 25 percent on steel and 10 percent on aluminum — and the prospect that it could trigger a global trade war.

"Markets are responding to the very real economic damage to large sectors of the economy that the tariffs will cause," said Brad McMillan, chief investment officer for Commonwealth Financial Network, which manages \$156 billion in assets. "This is a rational response, based on clear economic factors."

[The Washington Post](#)

Illinois Municipal ups targets to international equity, real estate

March 2, 2018, By Rick Baert

Illinois Municipal Retirement Fund, Oak Brook, increased its exposure to international equity and real estate while trimming its allocations to domestic equity, fixed income and alternative investments under a new target asset allocation approved Thursday by the pension fund board.

The \$41 billion pension fund raised international equity to 18% of assets from 16%, and real estate to 9% from 8%.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

It looks like Europe's economic recovery may have passed its peak

February 27, 2018, By David Scutt

It looks like the European economic recovery of the past couple of years may have already reached its crescendo, at least based off recent indicators.

As seen in this charts from Macquarie, many sentiment indicators have turned lower since the end of 2017. And economic data surprises — having consistently beaten expectations since the middle of 2016 — have also turned negative, symptomatic that as the economy has improved, expectations have been raised.

Business Insider

China working-age population shrinks, presenting pitfall for pension plans

February 28, 2018, By Reuters Staff

China's working-age population fell to its lowest level since 2009 last year and was below a billion for the first time since 2010, data released on Wednesday showed.

Slowing population growth and a shrinking pool of workers present a challenge to China's economic growth as well as its state-run pension program.

Reuters

OECD says pension reform urgent litmus test for Brazil

February 28, 2018, By Anthony Boadle

Pension reform will be the "litmus" test of Brazil's ability to bring its fiscal deficits under control and avoid unsustainable growth of its already high public debt, the Organization for Economic Cooperation and Development (OECD) said on Wednesday.

In its annual survey of the Brazilian economy, the OECD said the streamlining of Brazil's generous social security system was urgent because it costs 12 percent of GDP.

Reuters

Venezuelans Are Paying a 100% Premium for Cash

March 2, 2018, By Andrew Rosati

For me, it's just another of the infuriating inconveniences of living in an imploding economy. Low-denomination bills—anything below 100 bolivars (\$0.0005 at the black-market rate)—are often used nowadays for such things as confetti at baseball games. And the government is so broke, it can't afford to print bigger bills fast enough. It's a curiosity, this whole mess, almost bordering on a Yogi-ism: Hyperinflation's rendered paper money so worthless that it's become incredibly valuable.

Bloomberg

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