



Weekly Clips, April 13, 2018
Texas Pension Review Board
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PRB PLANS

Texas Teachers considering lowering rate of return; pension funds discuss compensation – conference

April 11, 2018, By Arleen Jacobius

The Texas Teacher Retirement System board is expected to be asked to lower the pension fund's assumed rate of return to 7.25% from 8% as early as its April 19 meeting, said Brian Guthrie, executive director of the \$151 billion Austin-based plan.

"I'm not sure what the board is going to do," Mr. Guthrie said on Tuesday, speaking on a panel at the Pension Bridge conference in San Francisco. It's an important decision for retirees because there is a better chance they could receive a cost-of-living adjustment if the pension fund does not lower the assumed rate of return, he said.

Pensions & Investments

Texas Teachers Is Moving Expansion Plan Forward

April 11, 2018, By Randy Diamond

Texas Teachers Retirement System executive director Brian Guthrie says he expects the pension system's board of trustees to approve a plan in June to increase internal management of the system's \$150 billion portfolio, but says it's going to be hard convincing the state legislature to add the 120 positions necessary to implement the plan.

Guthrie, speaking at the Pension Bridge Conference in San Francisco on Tuesday, said the approximate doubling of the system's investment staff in the next five or six years is going to be "a real hard sell." Texas law requires the state legislature to approve all positions for the retirement plan.

Chief Investment Officer

TEXAS ECONOMIC INDICATORS

Trade war with China could stunt Texas agriculture and economy

April 10, 2018, By John Austin

AUSTIN — The prospect of a trade war with China may seem far off, but U.S. proposals to steeply raise tariffs on its goods, along with the Chinese response, could hit Texans close to home. "There are some businesses in Texas which would benefit from the tariffs, namely those who produce goods that compete with Chinese imports, which will now be more expensive due to a tariff," economist Ray Perryman wrote in an email. "For example, a steel manufacturer in Texas would theoretically benefit from the tariff on Chinese steel.

Cleburne Times-Review

Texas is rife with cryptocurrency fraud, state regulators say

April 11, 2018, By Bob Sechler

Digital coins might live up to their hype someday of being integral to commerce of the future, but in the interim the term "cryptocurrency" already has a more dubious distinction -- it's become the most common buzzword used in investment scams statewide. Crypto-related potential swindles have surpassed schemes involving oil and gas assets, real estate and stocks in recent months as the most popular means by which fraudsters are attempting to separate Texas investors from their money, according to Joe Rotunda, director of enforcement at the Texas State Securities Board.

[Dallas News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

CalPERS may join union foes of 401(k) option

April 9, 2018, By Ed Mendel

A bill by state Sen. Steven Glazer, D-Orinda, giving new state workers the option new University of California workers received two years ago, a 401(k)-style plan rather than a pension, is opposed by unions and soon may be opposed by CalPERS.

More than a third of eligible new UC employees have chosen a 401(k)-style plan. Instead of a guaranteed lifetime monthly pension check, the 401(k) plan that replaced pensions in most of the private sector uses individual tax-deferred investments to build a retirement fund.

[Capitol Weekly](#)

Gov. Matt Bevin signs controversial, GOP-crafted pension reform bill into law

April 10, 2018, By Morgan Watkins and Mandy McLaren

Gov. Matt Bevin signed the controversial pension reform bill into law on Tuesday, giving Republican leaders' much-debated changes to teachers' retirement plans a final seal of approval. Senate Bill 151, the final version of the legislature's pension reform bill, was sent to the governor's desk March 29. Secretary of State Alison Lundergan Grimes' office received the bill — emblazoned with the governor's signature — around 6 p.m. Tuesday, according to her communications director, Bradford Queen.

[Courier Journal](#)

Kentucky attorney general, union sues to block pension bill

April 11, 2018, By Adam Beam

Frankfort, KY. — Accusing Republican lawmakers of "trickery," Kentucky's Democratic attorney general asked a judge on Wednesday to throw out a new law that makes changes to one of the country's worst-funded public pension systems.

Andy Beshear filed the lawsuit Wednesday morning, less than 24 hours after Republican Gov. Matt Bevin signed the bill. Beshear was joined in the lawsuit by unions representing police officers and teachers, who have been marching by the thousands at the state Capitol to protest changes to their retirement plan.

[The Kansas City Star](#)

U.S. states eye protections for investors if federal regulation falters

April 12, 2018, By Mark Miller

Do you live in a fiduciary state? The question could become important if the financial services industry wins its high-stakes legal and political battles to dismantle the federal fiduciary rule governing advice to retirement investors.

The U.S. Department of Labor (DoL) rule requires financial advisers to act in the best interest of clients when advising on investments in retirement accounts. The rule pushes the market toward investor-friendly solutions such as low-cost index funds and unbiased fee-only advice.

[Reuters](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

A plan that needs more money

April 9, 2018, By Buttonwood

AMERICAN private-sector workers face a problem. Too few of them have private-sector pensions, and the government scheme, Social Security, set up by Franklin Roosevelt (pictured) is less generous than it used to be. One study estimated that 20m elderly Americans will be living in poverty or near-poverty by 2035.

[The Economist](#)

Harvey firemen's union says half the department laid off after court orders payment to pension fund

April 10, 2018, By Diane Pathieu and Karen Jordan

The Harvey Firemen's Association union said the city has laid off half the fire department after the city was ordered to pay its police and fire pension fund.

The union posted about it on their Facebook page Tuesday afternoon, saying, "The city has laid off 18 firefighters, half the fire department is gone! Prayers for the citizens and families of those laid off."

[ABC News Chicago](#)

Calpers Weighs Push for Sexual-Harassment Corporate Disclosure

April 11, 2018, By John Gittelsohn

The California Public Employees' Retirement System, the largest U.S. pension fund, is weighing a policy to urge companies in which it invests to disclose sexual-harassment settlements.

The pension system, which has about \$350 billion in assets, would add the language to its corporate-governance policy amid growing fallout from the #MeToo movement, which has led to the ouster of executives who engaged in sexual misconduct and reached secret settlements in entertainment, travel and the news media among other industries.

[Bloomberg](#)

The State Pension Funding Gap: 2016

April 12, 2018, By Greg Mennis, The PEW Charitable Trusts

Many state retirement systems are on an unsustainable course, coming up short on their investment targets and having failed to set aside enough money to fund the pension promises made to public employees. Even as contributions from taxpayers over the past decade doubled as a share of state revenue, the total still fell short of what is needed to improve the funding situation.

There is no one-size-fits-all solution to the pension funding shortfall and the budgetary challenges facing individual states, but without new policies that commit states to fully funding retirement systems, the impact on other essential services—and the potential for unpaid pension promises—will increase.

[The PEW Charitable Trusts](#)

U.S. Stocks Wobble but stay on Track for Weekly Gains

April 13, 2018, By Akane Otani and Jon Sindreu

U.S. stocks wobbled Friday, but were headed toward weekly gains, buoyed by rallying energy shares and signs that a trade spat among the world's top economies was easing.

The Dow Jones Industrial Average fell 40 points, or 0.2%, to 24442, while the S&P 500 rose less than 0.1% and the Nasdaq Composite declined 0.1%. All three indexes remain up for the week.

[The Wall Street Journal](#)

Trumps Asks Advisers to Study Rejoining Pacific Trade Pact Talks

April 13, 2018, By Michael C. Bender

A little over a year after withdrawing the U.S. from the Trans-Pacific Partnership, President Donald Trump has asked his top economic advisers to study the possibility of re-entering the trade pact negotiations.

Mr. Trump has deputized Robert Lighthizer, the U.S. trade representative, and Larry Kudlow, the director of the National Economic Council, to study the possibility of re-entering the TPP if the terms were favorable, the president told a group of lawmakers on Thursday.

[The Wall Street Journal](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Russian Markets Reel After U.S. Imposes New Sanctions

April 9, 2018, By Matt Phillips

Russia paid a price in the financial markets on Monday for its standoff with the West. Investors dumped Russian stocks, bonds and the ruble in the face of new American sanctions and signs of cracks in the relationship between President Trump and Vladimir V. Putin, Russia's president.

The sell-off left Russian stocks down more than 8 percent and sharply raised borrowing costs for some of the country's most important companies. The ruble dropped more than 4 percent against the dollar, and the price of government bonds fell.

[The New York Times](#)

Germany Cheers for End to Deutsche Bank's Goldman Pursuit

April 9, 2018, By Nicholas Comfort, Birgit Jennen, and Chris Reiter

Deutsche Bank AG's management upheaval may be the final blow to the embattled lender's ambitions to go head-to-head with Goldman Sachs Group Inc. in international investment banking, and that's just fine for many in Germany.

With veteran Christian Sewing appointed chief executive officer as the emergency replacement for out-of-favor John Cryan, businesses serving international clients and trading an array of exotic securities look set to be scaled back. Focusing on lending to German companies at home and abroad would be welcome after three turnaround plans in less than three years.

Bloomberg

Facing trade war with U.S., China's Xi renews vow to open markets, import more

April 10, 2018, By Simon Denyer

BEIJING — President Xi Jinping renewed a pledge Tuesday to open China's markets further for trade and investment, including its automobile sector, and said he would also work harder to boost imports, in what was seen as a conciliatory speech amid an escalating trade conflict with the United States.

Speaking at an annual economic forum 40 years after China began what is known as the "reform and opening up" of its economy, Xi pledged to begin a new phase of that process. The Trump administration has threatened to impose tariffs on \$150 billion in Chinese imports over allegations of unfair trade practices.

The Washington Post

Japanese Workers Call It Quits on a Firm Tradition: The Job for Life

April 11, 2018, By Megumi Fujikawa

TOKYO—The Japanese practice of lifetime employment at larger companies survived more than two decades of economic stagnation. Now the system is confronting one of its biggest trials: a tight job market. More people are switching jobs, often with the lure of a higher salary or fewer hours.

The number of people who changed jobs has risen for seven straight years, reaching 3.11 million in 2017, according to Japan's Ministry of Internal Affairs and Communications.

The Wall Street Journal

Russia lawmakers draft list of U.S. imports that could be banned

April 13, 2018, By Darya Korsunskaya and Christian Lowe

Russia's lower house of parliament is to consider draft legislation that would give the Kremlin powers to ban or restrict a list of U.S. imports, reacting to new U.S. sanctions on a group of Russian tycoons and officials.

Senior lawmakers in the State Duma, which is dominated by Kremlin loyalists, said they had prepared the list ranging from food and alcohol to medicine and consulting services in response to Washington's move last week.

Reuters

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