



Weekly Clips, April 27, 2018  
Texas Pension Review Board  
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## **PRB PLANS**

### **Health Insurance Costs Could Drive Texas Teachers To Leave**

April 23, 2018, By Brian New

Another increase in health insurance costs could drive some Texas teachers out of the classroom. For a teacher making \$40,000 a year to have average health insurance for themselves and their family, it is now going to cost them half of their paycheck.

Since 2002, health insurance premiums have more than doubled for Texas teachers.

The Teacher Retirement System board voted last week to increase premiums by an average of 5.7 percent starting in September. Some premiums rates will increase by as much as 9.5 percent.

[CBS DFW](#)

## **TEXAS ECONOMIC INDICATORS**

### **Growth projected for Golden Triangle, Texas**

April 23, 2018, By Ken Stickney

A prominent Texas economist projects 12,600 jobs will be added in the Beaumont-Port Arthur Metropolitan Statistical Area over the next five years, part of what he called “broad-based growth.”

The Perryman Group’s 2018 Economic Forecast, released this week, says jobs in the MSA will grow at an annual rate of 1.44 percent. The Beaumont-Port Arthur MSA includes Hardin, Jefferson, Newton and Orange counties, a population area of more than 400,000.

[The Orange Leader](#)

### **Texas Gov. Abbott believes Gulf Coast area set to explode with growth**

April 25, 2018, By Trish Choate

Focused on the economy, Abbott made predictions Wednesday mostly related to developments benefitting the state and its independent oil and gas producers.

He said a reformed North American Free Trade Agreement will move forward soon. In addition, the Gulf Coast area will explode with growth, and “cooperative federalism” is on the rise.

Abbott said NAFTA has created about 1 million jobs in Texas and has been a boon to American energy, spurring economic growth, creating jobs and lowering costs for consumers.

[Times Record News](#)

## **Florida and Texas are expected to take the biggest economic hit from climate change**

April 27, 2018, By Ciara Linnane

Florida and Texas are the two states expected to suffer the greatest economic damage from climate change, according to a new study from Science magazine.

The study used a model that aimed to calculate the future impact on each state's gross domestic product (GDP) from events including hurricanes, storm surges, changes in agricultural yields, changing electricity demands, changes in mortality rates, changes to the labor supply, rising sea levels and rising crime rates.

### **Market Watch**

## **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

### **Reworked Pension for Future Louisiana State Workers Shelved**

April 23, 2018, By Melinda Deslatte

BATON ROUGE, La. (AP) — Amid opposition from Gov. John Bel Edwards, Louisiana's state worker retirement system is shelving its bid to create a new pension plan for future rank-and-file employees that would incorporate a 401(k)-style investment account.

Maris LeBlanc, deputy director and chief operating officer for the Louisiana State Employees' Retirement System, said Monday that the system known as LASERS won't continue to push the legislation, which awaits debate on the Senate floor after advancing through two Senate committees.

### **U.S. News & World Report**

### **Illinois cities seeing operations hobbled by pension debts under new law**

April 23, 2018, By Cole Lauterbach

Two Illinois cities have been forced to lay off dozens of public safety employees after the state's comptroller was required by law to redirect tax revenue owed to the municipalities to underfunded pensions. One expert says many more towns throughout the state could see problems similar to those in Harvey and North Chicago due, in part, to a state law that was passed in a matter of hours in 2011.

### **Illinois News Network**

### **California Pension Overhaul Bills Killed**

April 27, 2018, By Michael Katz

A California state Senate committee has rejected a trio of pension overhaul bills that were intended to stem rising pension costs for the state.

The bills that were rejected include a bill that would have barred pension funds that are less than 80% funded from providing cost-of-living adjustments; one that would have allowed local governments to leave CalPERS without paying large termination fees; and a third that would have allowed new state workers to opt for a 401(k) plan instead of a defined benefit pension.

### **Chief Investment Officer**

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

## **The U.S. Debt is an insolvable crisis**

April 23, 2018, By Michael Granof

The Budget and Economic Outlook: 2018 to 2028 only confirms what the U.S. Department of the Treasury said in its 2017 financial report of the U.S. government released in February and has been warning for at least the past decade. Owing to its mounting debt, the federal government is becoming fiscally unsustainable. Both the Congressional Budget Office and the Treasury (with some differences in their forecasting windows and methods) place the federal debt somewhere between 74 percent and 95 percent of gross domestic product by 2027.

### **Dallas News**

## **Underfunded pensions force choice: Lay off workers or keep promises to retirees**

April 23, 2018, By Rachel Greszler

Generous pensions have always been a prime perk of government jobs. Now those pensions are causing government layoffs, reduced services and tax increases.

Take Harvey, Illinois. The city has laid off half of its fire department and 13 police officers so it can meet its obligations to its retired police officers and firefighters — the result of decades of overpromising benefits and underfunding pension plans.

### **The Washington Times**

## **14 states hit record-low unemployment**

April 23, 2018, By Reid Wilson

Fourteen states have set new records for low unemployment rates in the last year, nearly a decade after the recession put millions of Americans out of work. The states hitting new unemployment lows run the ideological gamut, from conservative Texas to liberal California, suggesting a recovery stronger than any particular political persuasion.

In March, eight states saw new record lows, including Hawaii (2.1 percent), Idaho (2.9 percent), Kentucky (4 percent), Maine (2.7 percent), Mississippi (4.5 percent), Oregon (4.1 percent) and Wisconsin (2.9 percent).

### **The Hill**

## **DOL Issues More Guidance Related to ESG Investing in DC Plans**

April 24, 2018, By Rebecca Moore

The Department of Labor (DOL) has issued Field Assistance Bulletin (FAB) No. 2018-01, which provides guidance to the Employee Benefits Security Administration's (EBSA) national and regional offices to assist in addressing questions they may receive from plan fiduciaries and other interested stakeholders about the exercise of shareholder rights and written statements of investment policy and Interpretive Bulletin (IB) 2015-01 (relating to "economically targeted investments" (ETIs)).

### **Plan Sponsor**

## **Wells Fargo's 401(k) Practices Probed by Labor Department**

April 26, 2018, By Gretchen Morgenson and Emily Glazer

The Labor Department is examining whether Wells Fargo & Co. has been pushing participants in low-cost corporate 401(k) plans to roll their holdings into more expensive individual retirement accounts at the bank, according to a person familiar with the inquiry.

Labor Department investigators also are interested in whether Wells Fargo's retirement-plan services unit pressed account holders to buy in-house funds, generating more revenue to the bank, the person said.

### [The Wall Street Journal](#)

## **Watch for early signs the U.S. is tipping toward a debt crisis, says Deutsche Bank**

April 26, 2018, By William Watts

A ballooning budget deficit combined with a rising current-account deficit are raising the odds the U.S. could suffer an emerging-markets-style debt crisis, analysts at Deutsche Bank warned this week.

To be sure, danger doesn't appear imminent and the odds may even be overstated, but the risk is rising and shouldn't be ignored, wrote Quinn Brody, macro strategist, and Torsten Slok, the bank's chief economist, in a Wednesday note. Their model calculated that the probability of a U.S. debt crisis has increased by 7 percentage points, from a historical average below 9% to around 16%.

### [Market Watch](#)

## **Don't Choose Ethics Over Profits in Your 401(k), Government Warns**

April 27, 2018, By Sarah Krouse

Funds focused on issues like board diversity, climate change and labor rights are one of the fastest-growing areas of the money management world. But the Labor Department this week warned that these investments may not be appropriate for company-sponsored savings plans.

So-called ESG funds, which take environmental, social and governance factors into account when investing, have been touted by financial executives as a growth opportunity across Wall Street. Assets invested in these types of funds grew to \$95 billion in 2017, according to Morningstar Inc., up nearly 60% from the prior year.

### [The Wall Street Journal](#)

## **Wall Street edgy as inflation fears rise, earnings boost fades**

April 27, 2018, By Sruthi Shankar

Wall Street moved to a defensive mode on Friday, shifting into safer equity sectors as economic data raised the specter of inflation and possible interest rate hikes, while technology shares pulled back after an initial surge.

U.S. gross domestic product increased at a 2.3 percent annualized pace in the first quarter, slower than the prior quarter but stronger than the expected 2-percent growth.

### [Reuters](#)

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

## **Japan's insurers Debate Buying Naked U.S. Debt, Euro Switch**

April 26, 2018, By Chikako Mogi, Chikafumi Hodo and Komaki Ito

As investment plans were outlined these last two weeks, currency volatility was the underlying theme. Some like Japan Post Insurance Co., with 77 trillion yen in assets (\$705 billion), concluded it can't risk going naked unless the dollar-yen weakens, while others including Fukoku Mutual Life Insurance have decided U.S. yields are now high enough to take the risks.

Life insurers in Japan are caught between negative rates at home and the cost of hedging foreign bond positions when investing abroad. Their dilemma has been even more acute this year as dollar has fluctuated between a high of about 113 yen and a low of just below 105 yen, creating havoc with the calculations of cautious lifers.

### **Bloomberg**

## **Employees entitled to at least 50% of pension if employer becomes insolvent rules EU court**

April 27, 2018, By Katie Scott

The Advocate General at The Court of Justice of the European Union (CJEU) has ruled that employees are entitled to at least 50% of the total value of their accrued pension pot in the event that their employer becomes insolvent.

The case concerned is *Grenville Hampshire v The Board of the Pension Protection Fund*. Hampshire worked for manufacturing organisation Turner and Newall between 1971 and 1998, and was a member of their supplementary occupational pension scheme. In 1998, at the age of 51, Hampshire retired with a pre-tax annual retirement income of £48,781.80, with an annual increase of at least 3%.

### **Employee Benefits**

## **U.K.'s Worst Growth Since 2012 Sinks Pound on Rate Hike Doubts**

April 27, 2018, By Lucy Meakin, Jill Ward and David Goodman

The U.K. economy registered its worst performance since the end of 2012 in the first quarter, fueling speculation that the Bank of England will refrain from increasing interest rates next month.

The pound fell as investors further pared back bets on a hike in borrowing costs that had been seen as a near-certainty until last week, when Governor Mark Carney first sowed the seeds of doubt on whether his institution would deliver it. The Office for National Statistics said gross domestic product barely rose in the initial three months of 2018, with growth of only 0.1 percent.

### **Bloomberg**

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