



Weekly Clips, May 11, 2018
Texas Pension Review Board
P.O. Box 13498 · Austin, TX 78711-3498
www.prb.state.tx.us

PRB PLANS

Governor Abbott Appoints Dush To State Pension Review Board

May 8, 2018,

Governor Greg Abbott has appointed Marcia Dush to the State Pension Review Board for a term set to expire on January 31, 2019. The board reviews all Texas public retirement systems, both state and local, for actuarial soundness and compliance with state law.

[Office of the Texas Governor](#)

TEXAS ECONOMIC INDICATORS

U.S. Unemployment Drops to 3.9 Percent – Lowest Since 2000

May 4, 2018, By Bill Chappell

The U.S. economy had a net gain of 164,000 jobs last month. Unemployment — which had stood at 4.1 percent since October 2017 — fell to 3.9 percent, according to Friday's report from the Bureau of Labor Statistics.

The last time the U.S. jobless percentage sat below 4 percent was in 2000, when unemployment stayed at 3.9 percent for the final four months of the year.

[Texas Public Radio](#)

How Texas, Once an Economic Drag, Became the Nation's Fastest-Growing Economy

May 7, 2018, By Sarah Chaney

Texas wrapped up 2017 with the fastest-growing economy in the U.S., propelled by a swift resurgence in oil extraction that lifted business across the state.

The Lone Star economy grew at a 5.2% seasonally adjusted annual rate in the fourth quarter, with the mining industry the leading factor behind output gains, according to the Commerce Department. The sector helped buoy the state's economic output over the year, after the state had weathered several quarters of weak growth and even contractions.

[The Wall Street Journal](#)

Texas Lost Three Coal Plants, But Officials Don't Sound Worried About the Grid

May 8, 2018, By Travis Bubenik

In recent months, the state lost three coal-fired power plants, and yet, as Texas braces for a hotter-than-usual summer, officials don't sound worried about keeping the lights on and the A/C humming.

Vistra Energy shut down the plants earlier this year, saying they just couldn't make money anymore with competition from cleaner-burning natural gas. Amanda Frazier, the company's V.P. of Regulatory Policy, recently told lawmakers the closures were "difficult decisions for us to make," and acknowledged they contributed to a drop in the state's backup power reserves.

[Houston Public Media](#)

Import talent or grow your own? As the flow of migrants slows, Texas needs both

May 8, 2018, By Dallas Morning News Editorial

Last year, Texas added almost 190,000 migrants, which approaches the number of newborns. But total migration was one-third lower than in 2015 due to a steep drop in cross-state relocations. Other regional economies are improving and baby boomers are retiring, so fewer U.S. workers have to go to Texas to chase their dreams.

Since 2000, the net increase from migration — that is, the difference between those moving in and those moving out — has averaged about 200,000 people a year.

[Dallas Morning News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

OPM is out to cut retirement benefits

May 8, 2018, By Jessie Bur

Office of Personnel Management Director Jeff Pon requested that Congress pass legislation to reduce benefits under the Federal Employee Retirement System and require employees to pay more for certain benefits, according to a May 4, 2018, letter Pon sent to House Speaker Paul Ryan, R-Wis.

"The employee retirement landscape continues to evolve as private companies are providing less compensation in the form of retirement benefits. The shift away from defined benefit programs and cost-of-living adjustments for annuitants is part of that evolution. By comparison, the federal government continues to offer a generous package of retirement benefits," Pon wrote in the letter.

[Federal Times](#)

Confidence in Retirement Planning Correlates With Higher Retirement Income

May 4, 2018, By Rebecca Moore

Empower has identified specific employee actions—which it calls "habits of success"—that correlate with significantly higher projected lifetime income when working years end.

In a white paper, "Scoring the Progress of Retirement Savers," it says plan sponsors can foster these behaviors through various plan features, tools and access to professional advice.

[Plan Adviser](#)

Colorado lawmakers conclude 2018 session with pension deal

May 10, 2018, By Brian Eason and James Anderson

DENVER - Colorado lawmakers narrowly passed an ambitious plan to rescue the state pension fund from the fiscal brink just minutes before the 2018 legislative session gaveled to a close at midnight Wednesday.

After daylong negotiations, Gov. John Hickenlooper lobbied fellow Democrats to pass the bill at a moment when their support appeared to be wavering. Opposition from the state's largest teachers union threatened to unravel the deal reached with Senate Republicans.

[Charlotte Observer](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

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[Plan Adviser](#)

Pension Funds Still Making Promises They Probably Can't Keep

May 8, 2018, By Heather Gillers

The value of investments by public pension funds declined last quarter, widening the gap between what these funds say they will earn and what they actually make.

Pension funds across the U.S. must each year estimate how much they expect to earn on investments, a projection that determines the amount the government that is affiliated with the pension fund must pay into it. Robust returns reduce the need for government support.

[The Wall Street Journal](#)

Every Illinoisan Owed \$11,000 for Pensions With No Fix in Sight

May 8, 2018, By Example

Three years ago today, the Illinois Supreme Court struck down the state's attempt to cut its employees' pension benefits to chip away at a retirement-system debt that's swelled to almost \$11,000 for every man, woman and child.

Since then, Illinois's credit rating was downgraded to the verge of junk, its bonds have tumbled and its largest city -- Chicago -- was stripped of its investment-grade status by Moody's Investors Service. And Republican Governor Bruce Rauner and the Democrat-led legislature have made no real progress toward a new plan that doesn't violate the state constitution's ban on reducing benefits.

[Bloomberg](#)

Public Pension Advocacy Group Accuses Pew and Donor of Bias

May 8, 2018, By Madison Alder

The National Public Pension Coalition is accusing Pew Charitable Trusts of producing biased research on public pension plans with the help of millions from a former hedge fund manager.

The NPPC in a video published May 3 says Pew is producing research that advances an anti-public pension agenda supported by billionaire John Arnold. While this isn't the first time the NPPC has targeted Pew for its connections to Arnold's donations, the latest accusations come as attention is focused on underfunded public teacher pensions in states like Arizona and Kentucky.

[Bloomberg BNA](#)

Trump thanks federal employees with \$143.5 billion in retirement cuts

May 8, 2018, By Joe Davidson

President Trump really knows how to say thank you. Just as festivities geared up for Public Service Recognition Week, which began Sunday, his administration sent a letter to Congress proposing \$143.5 billion in compensation cuts for federal employees.

In a letter to House Speaker Paul D. Ryan (R-Wis.) on Friday, Office of Personnel Management Director Jeff T.H. Pon pushed four proposals that, over 10 years, would significantly cut retirement benefits for 2.6 million federal retirees and survivors.

[The Washington Post](#)

Wisconsin's Pension System Works for Everyone

May 9, 2018, By Justin Fox

The latest Pew Charitable Trusts report on the state pension funding gap, which came out last month, has many words of warning for states that 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." New Jersey is in the worst shape of all, with pension fund assets that in 2016 added up to only 31 percent of liabilities. Colorado, Connecticut, Illinois and Kentucky all had funding ratios of less than 50 percent; 17 other states had assets less than two-thirds of liabilities.

Less attention is paid to the states that don't have looming pension crises. Maybe that's a mistake. Surely we could learn from, say, Wisconsin, the state with the best-funded retirement system. What does it do so differently?

[Bloomberg](#)

Wells Fargo Improperly Kept a Pension Fund's Fee Rebates

May 9, 2018, By Gretchen Morgenson and Emily Glazer

Wells Fargo & Co. has acknowledged that it pocketed fee rebates that should have been passed on to a public pension fund in Tennessee while acting as its trustee, according to correspondence between the fund and the bank reviewed by The Wall Street Journal.

The bank owned up to the problem in late April after the Chattanooga Fire & Police Pension Fund had spent months questioning Wells Fargo officials about fee practices in its institutional retirement and trust unit, according to the correspondence.

[The Wall Street Journal](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Canada Pension Plan anchors investment in India infrastructure investment trust May 9 2018, By Rob Kozlowski

Canada Pension Plan Investment Board, Toronto, and Allianz Capital Partners teamed up to acquire 55% in IndInfraVIT Trust, the first private infrastructure investment trust in India, according to a joint news release from the C\$337.1 billion (\$262.6 billion) pension fund and Allianz Group.

CPPIB will invest C\$200 million for 30% of the trust's units; Allianz has acquired 25%; L&T Infrastructure Development Projects Ltd., a developer of infrastructure projects in India, has acquired 15%; and the "remainder of the units have been subscribed by other local and international institutional investors," the news release said.

Pensions & Investments

Dubai Firm Rattles Mideast Dealmaking With Alleged Misused Funds May 9, 2018, By Archana Narayanan, Matthew Martin and Dinesh Nair

It's troubling for any asset manager, but this dispute has the potential to damage a region.

Allegations that one of the biggest and oldest private equity firms in the Middle East misused client money -- including from the Bill & Melinda Gates Foundation and the World Bank -- have sent shock waves through the ranks of local dealmakers. The firm, Dubai's Abraaj Group, has shaken up its top ranks, cut dozens of jobs and hired outside help to probe the matter and patch up relations with clients, but the fallout may just start to ripple through.

Bloomberg

Why has Argentina called in the IMF?

May 11, 2018, By J.A.

IT WAS an announcement Mauricio Macri hoped never to have to make. On May 8th Argentina's exhausted-looking president declared that Argentina was seeking a credit line from the IMF. He had little alternative. Efforts to prop up the peso, which has lost a fifth of its value against the dollar since the start of the year, had failed. Between April 23rd and May 4th the central bank hiked interest rates by 12.75 percentage points to 40% and sold \$5bn of its currency reserves. The finance ministry announced it would shift this year's deficit target from 3.4% to 2.7% of GDP. Neither was able to arrest the peso's slide. World leaders have previously praised Mr Macri for his efforts to rehabilitate Argentina's economy. What went wrong?

The Economist

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