



Weekly Clips, June 1, 2018
Texas Pension Review Board
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PRB PLANS

Dallas set to pay \$173M in settlement for decades-old police, firefighter lawsuits

May 30, 2018 By Michael Tristan Hallman and Robert Wilonsky

An executive committee representing nearly 8,700 current and former Dallas police officers and firefighters has agreed to a \$173.3 million settlement in their decades-old class-action lawsuits against City Hall over years of back-pay claims.

The figure is an agreed-upon price that comes with caveats because it's not yet a done deal. But the agreement in such a massive case is a significant milestone — one that, while pricey, comes without a tax increase and would remove the biggest fiscal threat hanging over local government.

[Dallas News](#)

TEXAS ECONOMIC INDICATORS

Dallas' Place in the 'Texas Triangle'

May 29, 2018, By Michael Cox and Richard Alm

Texas' economy has been one of America's fastest growing for decades. The powerful engine of it all can be found in a triangle roughly formed by Interstate 45 from Dallas to Houston, Interstate 10 from Houston to San Antonio, and Interstate 35 from San Antonio through Austin back to Dallas.

Nicknamed the Texas Triangle, this region of more than 20 million people produces nearly \$1.3 trillion a year in output, good enough to rank 17th among the world's economies. Employment exceeds 8 million workers—more than that of Illinois and only a bit less than that of Florida.

[D Magazine](#)

Texas industry fears economic hit from Trump tariffs

June 1, 2018, By James Osborne, Washington Bureau

The Texas economy, rich in companies that rely on foreign steel and aluminum, is likely to take a hit from the imposition of tariffs on the metals produced by three of the nation's largest trading partners.

As part of a strategy to protect the U.S. steel and aluminum industries, the Trump administration is placing a 25 percent tariff on steel and a 10 percent tariff on aluminum from Mexico, Canada and the EU beginning today.

The three already have promised to impose tariffs on U.S. exports from steel to jeans to bourbon to pork.

[San Antonio Express News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Tax Reform Law Leads to \$6.8B Increase in Pension Plan Contributions

May 29, 2018, By Lee Barney

The Tax Cuts and Jobs Act of 2017 resulted in firms contributing 23.8% more, or \$6.6 billion additional funds, to their pension plans last year, according to a report from the Wisconsin School of Business.

The increase was due to a key provision in the bill that lowered the corporate tax to 21% this year and thereafter, from 35% last year, giving companies an incentive to accelerate tax deductions, as those contributions would be deducted at a higher rate.

Plan Adviser

Blue Cross Blue Shield will delay its controversial ER denial program

June 1, 2018, By Jenny Deam

Blue Cross and Blue Shield of Texas has agreed to a 60-day delay of a contentious program to step up scrutiny of out-of-network emergency room claims and deny those determined after-the-fact not to be true emergencies.

It has been pushed back as the state's insurance regulatory office continues to voice concern that the program could cause a chilling effect if patients become afraid to seek care.

Houston Chronicle

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

California pension funds on separate paths to direct investment

May 28, 2018, By Arleen Jacobius

CalPERS and CalSTRS have a common goal of investing in private equity in a way that lowers costs and offers a better alignment of interests than their current programs, but the country's largest pension plans are taking different paths to get there.

The \$355.9 billion California Public Employees' Retirement System, Sacramento, would create a separate corporation known as CalPERS Direct to make direct private equity investments. The \$224.8 billion California State Teachers' Retirement System, West Sacramento, has launched what could be a two-year odyssey to creating a collaborative model to join with managers and other asset owners to make direct investments.

Pensions & Investments

Dow sinks 504 points- then rallies- as Italy's political crisis triggers global sell-off May 29, 2018, By Thomas Heath

Markets plunged worldwide Tuesday as investors worried that a growing political crisis in Italy could lead to its withdrawal from the Eurozone in a replay of Britain's vote to exit two years ago.

The Dow Jones industrial average sank 505 points before a slight recovery to close down 391 points — 1.58 percent — on worries that the Italian crisis could bleed throughout the Eurozone.

The Standard & Poor's 500-stock index, tech-heavy Nasdaq Composite and Russell 2000 all suffered losses Tuesday as the concerns in Italy spread to U.S. traders.

[The Washington Post](#)

Billion Dollar Hedge Fund Club Grows to \$889B

May 30, 2018, By Chris Butera

The club for the top hedge fund investors has just grown its total to represent one-quarter of all capital in the asset class today.

The Billion Dollar Club, which encompasses 247 institutions that have \$1 billion or more in the asset class, now stands at \$889 billion. Some of its largest managers by total assets under management include Bridgewater Associates, AQR Capital Management, and London's Man Group.

[Chief Investment Officer](#)

We're Number One (In Retirement Readiness Among Surveyed Wealthy Countries)

May 30, 2018, By Elizabeth Bauer

The Aegon Center for Longevity and Retirement just published the results of the 2018 version of its triennial Retirement Readiness Survey, titled "The New Social Contract: a blueprint for retirement in the 21st century," and the headline number from this study, the Aegon Retirement Readiness Index, a measure of the average retirement readiness of the 15 countries surveyed, puts the United States as tops—if one excludes Brazil, China, and India, that is. In fact, the U.S. index, on a scale of one to 10, increased from 5.6 in 2012 to 6.5 in 2018, and bests a number of countries which are considered as having better provision for their people than the U.S.: including Germany (6.1), Australia (5.9) and the Netherlands (5.7), among others.

[Forbes](#)

Delaware first state to OK sports gambling

June 1, 2018, By Mike Obel

Delaware has become the first state to legalize sports betting, one of many states expected to make that move after the Supreme Court cleared the way for legalized sports betting.

The state will launch gambling at its three casinos this coming Tuesday at 1:30 p.m. ET. Betting will include single-game and championship events for professional football, baseball, hockey, basketball, golf, soccer and auto racing.

[Fox Business](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Australia's A\$2.6 Trillion Pension System Is 'Unlucky Lottery'

May 28, 2018, By Angus Whitley

Australia's A\$2.6 trillion (\$2 trillion) pension system is dogged by persistently underperforming funds and millions of superfluous accounts that waste money on management and insurance fees, according to a government review.

Addressing those two structural flaws alone could deliver an extra A\$3.9 billion to pension accounts every year, Australia's Productivity Commission said in a draft report on the nation's superannuation system. Some 10 million accounts, or a third of the total, are unintended multiples and more than a quarter of pension funds underperform on a consistent basis, the commission said.

Bloomberg

Consultants preparing to manage more U.K. master trust assets

May 28, 2018, By Paulina Pielichata

The growing move to outsource group personal pension assets to master trusts in the U.K. has set off a race between money managers and consultants offering bundled services.

A wave of mergers and acquisitions in the U.K. over the past year has saddled some defined contribution plan sponsors with a jumble of group personal pension plans, industry sources said. Sponsors now are feeling pressure to outsource those retirement assets — estimated to be £160 billion (\$215 billion) in 2016 by consultancy firm Spence Johnson — to master trusts because of the high cost of governance and plan design complexities.

Pensions & Investments

Italy Could Lost Irreplaceable Asset of Trust, Visco Says

May 29, 2018, By Sonia Sirletti, Lorenzo Totaro and Alessandro Speciale

Italy is always just a few steps away from the "very serious risk of losing the irreplaceable asset of trust," Bank of Italy Governor Ignazio Visco said as a political crisis in the euro area's third-largest economy sent debt yields soaring and bank shares tumbling.

While European rules can be debated, criticized and improved, Italy cannot disregard constitutional constraints that protect savings, balance accounts and ensure the respect of international treaties, Visco said at the central bank's annual meeting in Rome on Tuesday. "Italy's destiny is that of Europe."

Bloomberg

In China, Thousands of 'Minban' Teachers Stage Protests Over Lack of Pay or Benefits

May 29, 2018, By Qiao Long

Laid-off teachers who worked for years on non-civil service contracts have protested across China in recent weeks over a lack of redundancy pay, pensions, or new job opportunities.

Teachers in China can be hired on civil service or non-civil service (minban) contracts, and those employed on the latter frequently complain of wages that are below a minimum living standard and that often go unpaid for months

[Radio Free Asia](#)

Most UK Pensions Taking Steps to Manage Climate Risk

May 31, 2018, By Michael Katz

Most UK pension funds have taken steps to manage their climate change risk, according to the results of an inquiry launch by Parliament's Environmental Audit Committee.

The committee launched the "Green Finance" inquiry to scrutinize the government's strategy to develop "world-leading Green Finance capabilities," and investigate how investment in longer-term sustainable development can be incentivized.

[Chief Investment Officer](#)

Political turmoil in Italy spreads to global financial markets

June 1, 2018, By Kenneth Kaczowski

The political trouble brewing in Italy has spilled over to global markets. The consequences are serious.

As Italy's newly-elected prime minister failed to form a government, Italian short-term bond yields had their biggest spike in 26 years. And the turmoil in Italian bond markets spread into global equity markets.

The Italian stock market was down about five per cent by midweek, while the rest of European markets were down around two per cent. This drawdown in Europe has also led to declines in American and Asian markets. The global interconnectivity of markets has been clearly on display as this decline has spread

[Troy Media](#)

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