



PRB PLANS

How one line in the new pension law helped Dallas settle decades-old police-and-fire pay lawsuits

June 4, 2018, By Tristan Hallman

Dallas' \$235 million police-and-fire back pay lawsuit settlements were made much easier because of a single line in the lengthy bill that saved the city's first-responder pension system from disaster.

The new law states that "eligible back pay" for pension contributions and benefits "does not include any additional compensation paid by the city to a member or pensioner wholly or partly or directly or indirectly as the result of litigation instituted to recover back pay."

Dallas News

Fort Worth Considers Changes to Fund Pension

June 4, 2018, By Scott Gordon

Fort Worth's city manager will present a plan to the city council on Tuesday to solve a pension shortfall that includes changing benefits for existing retirees, a move he admits will be controversial.

Most retirees now receive automatic two-percent cost-of-living increases. City Manager David Cooke suggested reducing or eliminating that benefit in a memo obtained by NBC DFW.

"That currently is on the table and I would expect it's got some controversy with it," he acknowledged in an interview.

NBCDFW

Fort Worth takes another bond rating hit due to pension liabilities

June 4, 2018, By Johnny Kampis

S&P Global Ratings recently downgraded Fort Worth's general obligation debt rating to AA from AA+. The service noted the city's obligations to current and future government retirees, pointing out that pension contributions are below actuarially determined levels.

S&P pointed out that the \$2.3 billion Fort Worth Employees' Retirement Fund was less than 43 percent funded as of Sept. 30. It has an unfunded pension liability — meaning money promised to retirees but not currently in its accounts — of \$3.1 billion.

The Texas Monitor

TEXAS ECONOMIC INDICATORS

Petroleum economy jumps 28 percent

June 3, 2018, By Mella McEwen

The Permian Basin has learned to do more with less in the aftermath of the crude oil price downturn. The region's crude output is at record highs, and oil and gas employment has surpassed its previous highs, though the Texas Permian Basin Petroleum Index remains well below its peak set in November 2014. Still, the index was up sharply from February to March and is 28.2 percent higher than March 2017 levels.

Midland Reporter-Telegram

Texas economy doomed without dramatic education improvements

June 4, 2018, By Bill Hethcook

As education goes, so goes the economy. And the state of education is in peril. That was the theme of the ElevatEd daylong conference Monday hosted by the Holdsworth Center at Southern Methodist University.

Tom Luce, education reform advocate and founding partner of a prominent Dallas law firm, said 65 percent of jobs in Texas will require a two- or four-year degree by 2036, the state's bicentennial year.

Dallas Business Journal

Texas just opened the nation's first state-run gold depository. Here's what that means.

June 6, 2018, By David Yaffee-Bellany

Texans can now store their precious metals in a publicly backed secure vault close to home, as the United States' first state-run gold depository opens for business in Austin.

A 23,000-square-foot building — operated by the private storage company Lone Star Tangible Assets — will serve as Texas' precious metals depository until 2019, when Lone Star is scheduled to open a facility double that size in Leander.

Texas Tribune

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Rhode Island Supreme Court Upholds Pension Cuts

June 1, 2018, By Example

The Rhode Island Supreme Court has upheld reductions in state retiree pensions that had been approved by the General Assembly, and signed into law by then-Gov. Lincoln Chafee in 2011.

The ruling, in which the court said the pension cuts were "fair, reasonable, and adequate," was a disappointment to the group of some 140 retired public employees who sought to overturn pension cuts that were intended to save taxpayers approximately \$4 billion in unfunded pension liabilities.

Chief Investment Officer

Editorial: California ruling challenges the new-economy definition of who's an employee and who's a contractor

June 3, 2018, By the Editorial Board

A recent decision by the California Supreme Court is causing consternation in the so-called "gig economy." The decision makes it harder for companies like Uber, Lyft and Amazon to classify workers as contractors rather than employees and may conflict with other court decisions saying just the opposite. The U.S. Supreme Court will almost certainly be asked to settle the question.

[St. Louis Post-Dispatch](#)

Colorado governor signs pension reform bill into law

June 5, 2018, By James Comtois

The new law will increase the contribution rate for most participants by an additional 2% of pay phased in beginning July 1, 2019, totaling 10% for most participants by July 1, 2021; require a three-year delay before receiving a cost-of-living adjustment; set the COLA cap at 1.5% (the current annual COLA for participants who started receiving benefits prior to Jan. 1, 2007, is 2%); increase the highest average salary calculation for non-vested members in most divisions (for those with fewer than five years of service credit as of Jan. 1, 2020) to five years; increase the highest average salary calculation for members in the judicial division who do not have five years of service credit as of Jan. 1, 2020, to three years; and redefine PERA-qualified salary to include sick leave payouts.

[Pensions & Investments](#)

Weaver plans to bring back pension bill

June 7, 2018, By Rebecca Susmarski

Illinois State Senator Chuck Weaver, R-Peoria, intends to bring back a pension reform bill he introduced that died in the Illinois Senate's Assignments Committee.

The bill, Senate Bill 2284, aimed to change the pension structure for new legislators and give current legislators in the Tier 1 and Tier 2 pension categories the option to switch to the new system. The bill made to the Senate's Committee on Licensed Activities and Pensions and its Subcommittee on Special Issues for Labor, but the subcommittee sent the bill back to Assignments on April 27. The bill remained there without action taken before the Senate adjourned May 31.

[The Register-Mail](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Illinois pension buyouts may not bring savings budget claims

June 2, 2018, By Sara Burnett

Illinois' new state budget relies on more than \$400 million in savings from a new pension buyout plan that finance experts caution is highly speculative and may not save as much money as lawmakers say.

The budget sailed through the Legislature this week on a bipartisan vote, and Republican Gov. Bruce Rauner, who's seeking re-election in November, has said he'll act quickly to sign it.

[PBS News Hour](#)

Why Trump's Trade War Isn't Worrying Most Economists, Yet

June 4, 2018, By Andrew Mayeda

President Donald Trump's zeal for tariffs has yet to derail the global economic outlook. While Trump has sown confusion and frustration among fellow political leaders, economists at most Wall Street banks are barely changing their forecasts for solid global growth this year as they estimate only modest fallout from a skirmish over commerce.

Take Trump's 25 percent steel tariffs. After stripping out food and energy, consumer prices are poised to rise by three basis points in response, Goldman Sachs Group Inc. said in a research note Monday.

Bloomberg

A Template for Fixing America's Public Pensions

June 5, 2018, By Amanda Albright

In 2011, Lexington reached a crisis point after the city had underfunded the police and fire pension for years even as it increased employee benefits. The city faced an \$18 million budget deficit and was close to its self-imposed limit on how much more it could borrow to make pension payments.

As the costs of maintaining the pension system grew to more than a fifth of the government's general-purpose spending fund, other city services were taking a hit, too. "All the numbers were draconian," Gray says.

Bloomberg

No, Illinois Hasn't Solved Its Pension Crisis

June 5, 2018, By Elizabeth Bauer

Illinois has long had issues with pension spiking -- with local school boards raising pay for their teachers in the years just prior to their retirement to significantly boost their pension benefits at comparatively little cost to the local school board.

This was partially reined in with a reform law in 2005, but not completely: back in 2015, the Chicago Tribune reported that the penalties local school districts were supposed to be paying whenever they continued to engage in the practice, were regularly being waived, and in 2017, the Northwest Herald reported that districts were taking maximum advantage of the remaining degree of spiking permitted.

Forbes

U.S. Stocks Rise as Investors Weigh Latest Trade Signals

June 6, 2018, By Amrith Ramkumar and Riva Gold

The Dow Jones Industrial Average surged to its highest close in nearly three months Wednesday, with markets calm as investors weighed the latest signals on international trade.

Stocks have risen lately despite worries that protectionist policies could slow trade and weaken the global economy, damping growth and hurting markets. Some investors still believe compromises between the U.S. and trade partners, including China, will eventually resolve the conflicts.

The Wall Street Journal

Stress Testing Can Help Troubled State Public Pension Funds

June 6, 2018, By Greg Mennis and Stephen Fehr

The pension system for state workers in New Jersey is so underfunded that it could run out of money in 12 years. Pennsylvania and Connecticut have taken steps to stabilize their systems, such as increasing state contributions, but policymakers face the prospect of high pension costs for years to come. And Colorado could deplete its retirement fund assets by 2044 because the state lacks policies to manage volatile financial markets.

[The Pew Charitable Trusts](#)

Lawmakers tie pension shortfall to fewer state employees

June 7, 2018, By Andrew Oxford

Lawmakers raised concerns Thursday that a shrinking government workforce or a sluggish economy could drag down New Mexico's largest pension program as it faces a continued funding shortfall.

The Public Employee Retirement Association has about 75 percent of the money necessary to pay out all claims to members, placing it among the many retirement programs around the country struggling for solvency.

[Santa Fe New Mexican](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Japan's Institutional Investors Seek Reliable Returns in Hedge Funds

June 3, 2018, By Kosaku Narioka

With interest rates stuck at extraordinarily low levels in Japan, institutions such as insurance companies and pensions, with trillions of dollars collectively to invest, are under pressure to keep up returns for pensioners and policy holders. The 10-year government bond, long a staple for them, is earning barely more than zero interest under the Bank of Japan's easy-money policy.

Until recently, global stock prices were on a solid upward trend, offering the institutions an outlet for their money and leaving hedge funds with less opportunity to outperform.

[The Wall Street Journal](#)

The Spanish Pension System And Its Problems

June 4, 2018, By Raimundo Poveda

The Spanish pension system is one more which exists in the OECD and, probably, not one of the worst. Neither are its problems very original. Just like in other countries in the club, the financial hardships which were the result of the Big Recession led to cuts. These were implemented in 2011 by the PSOE, with the PP causing a big scandal, then in 2013 by the PP, with the roles reversed.

The commitment to not politicizing this issue (the Toledo Pact) has been forgotten. Neither of the two reforms did anything which did not already have a precedent in neighbouring countries. Both drifted calmly towards a social security assistance which seems to dominate at the moment.

[The Corner](#)

Europe moving ahead on standardizing sustainable investing

June 7, 2018, By Paulina Pielichata

Disclosure of sustainability and low-carbon attributes of investment strategies will soon be standardized, a European Commission executive told delegates at PensionsEurope's annual conference in Brussels.

Speaking on a panel Thursday, Nathalie Berger, head of unit insurance and pensions at directorate general for financial stability, financial services and capital markets union of the EC, said the commission is working on introducing better transparency when it comes to strategies aimed at fostering a low-carbon economy.

Pensions & Investments

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