

TEXAS PENSIONS

The Dallas Police and Fire Pension exemplifies the storms our entire retirement system faces
January 22, 2019, By Brooks Hamilton and Dennis McCuiston

The Dallas Police and Fire Pension System, according to news reports last month, finally sold a Napa California resort for \$22 million, which it had spent \$111 million to acquire in 2006. While the backstory is interesting, we believe Dallas taxpayers should focus on three features of a story we call the greatest story never told.

First, the abject failure of America's new pension strategy, evolving since the Employee Retirement Income Security Act was passed in 1974. Second, malinvestment due to low interest rates. Third, the Dallas Police and Fire Pension System's perfect storm of extravagant pension benefits and poor investment returns.

[Dallas News](#)

Texas Rep. Lynn Stucky: Legislature takes first steps to boost public education funding
January 22, 2019, By State Rep. Lynn Stucky

On Jan. 8, lawmakers returned to Austin to convene the 86th Texas Legislature. Without hesitation, the business of the Texas House got underway by unanimously electing its new speaker of the House: state Rep. Dennis Bonnen, of Angleton. I am honored to have supported Speaker Bonnen's candidacy, and I look forward to working with him and my fellow House colleagues to keep Texas moving in a positive direction.

That starts with the budget, which was released a week after the session began. Proposals from the House and Senate both include a substantial increase in funding for public education. On the House side, that includes \$7.4 billion in additional funding. Budget writers also suggest tapping the state's Economic Stabilization Fund — commonly known as the Rainy Day Fund — to invest more than \$600 million in order to bolster the teacher pension system.

[Denton Record-Chronicle](#)

TEXAS ECONOMIC INDICATORS

Oil demand in 2019 can withstand moderate economic slowdown but forecast vulnerable, says IEA
January 18, 2019, By Rachel Koning Beals

Global oil demand is expected to be stronger this year than in 2018 as lower prices soothe the impact of slowing economic activity, but that forecast remains vulnerable to a deeper pullback, the International Energy Agency wrote Friday.

Hopes for a global trade resolution, particularly between major energy consumers China and the U.S., as well as a moderating U.S. dollar, the main vehicle for commodities pricing, are behind the cautiously upbeat forecast. But the agency acknowledged that “the mood music in the global economy is not very cheerful” and the demand outlook for the energy industry could change, it said in the update issued Friday.

“For now, we retain our view that demand growth in 2018 was 1.3 [million barrels a day], and this year it will be slightly higher at 1.4 mb/d, mainly due to average prices being below year-ago levels,” it said.

“We have seen prices fall very significantly since the peak at the beginning of October, and that is providing some relief to consumers,” Neil Atkinson, head of the IEA’s oil industry and markets division, told Bloomberg TV Friday.

Market Watch

Texas gained 391K jobs in 2018, providing the 'energy that fuels the U.S. economy'

January 18, 2019, By Dom DiFurio

The Texas economy saw another month of low unemployment in December, a historic 43-year low that has continued since October, according to the Texas Workforce Commission.

The 3.7 percent jobless rate remained the same as November, placing it 0.2 percentage points below the national rate. The state added 38,000 new jobs in December, up considerably from November's 14,000 gain.

The tight labor market "makes it unusual in that if you're running a business, things might not feel like they're softening to you," said Chris Slijk, an assistant economist at the Federal Reserve Bank of Dallas.

"The demand is there," he said, but workers to continue fueling this expansion are not.

Dallas News

Texas baby boomers carrying largest debt into retirement, according to report

January 22, 2019, By Jay R. Jordan

Texas baby boomers might want to check on their 401K. They might not have enough squirreled away for retirement to cover their bills.

A new report from Lending Tree claims that the state's four biggest cities – San Antonio, Austin, Houston and Dallas – take the top four spots nationally for the amount of non-mortgage debt each city's residents between 65 and 70 years old have on average.

In San Antonio, boomers in the age range have an average of \$29,993 in debt. In Austin, that average debt shrinks to \$26,424.

Houston Chronicle

NATIONAL PENSION, INVESTMENTS & LEGAL

The Pension Fund Problem Just Got Much Worse

January 13, 2019, By Aaron Brown

The 14 percent drop in the S&P 500 Index last quarter has big implications for state and local pension funds, which probably saw the value of their assets fall by about 7 percent. Investors with the benefit of a long-term horizon have the ability to ignore market dips, and pension funds are among the longest-term investors, but their problems are not long-term and further short-term declines could precipitate a crisis.

The table below shows pension fund assets and liabilities as compiled by Pew Charitable Trusts. There is a large and growing gap, but that's not the primary problem. Although the value of those assets is known with reasonable accuracy, the liability figure is based on assumptions about the future. The actuarial and political assumptions are uncertain, but it is the investment assumptions – plans assume an average discount rate of 7 percent – that are the most problematic.

[Bloomberg](#)

Pension payments could dip for retired Wisconsin public employees

January 18, 2019, By Judy Newman

For the first time in six years, retired Wisconsin public employees with all of their money in the Wisconsin Retirement System's main trust fund could see a reduction in their pension checks.

The State of Wisconsin Investment Board, which manages the money in the WRS funds, gave its preliminary 2018 year-end returns late Friday and, like the stock market, the results were down.

The Core Fund, with \$93.6 billion in assets as of Dec. 31, had a preliminary return of minus-3.3 percent for 2018 while the smaller Variable Fund, with \$7.1 billion in assets, had a preliminary return of minus-7.9 percent.

[The Journal Times](#)

Kansas pension fund leaders condemn Kelly's 'terrible,' 'unwise' refinancing proposal

January 18, 2019, By Jonathan Shorman

Kansas Gov. Laura Kelly's plan to refinance the state's employee pension system encountered furious opposition on Friday from its leaders, who condemned the proposal as irresponsible.

Kelly's office defended the plan as necessary to keep future state contributions to the Kansas Public Employees Retirement System (KPERS) affordable.

[The Wichita Eagle](#)

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