



# DIVESTMENT IN NEW YORK: WHAT YOU NEED TO KNOW



Proposals have been introduced in the New York State legislature to force New York’s public pension fund managers to divest all of New York’s fossil fuel assets by 2020 and all coal holdings within one year. This mandated divestment would likely cost New York millions of dollars a year, will cede control at the shareholder level and won’t have any real impact on climate change. Here are some more things to keep in mind about this ill-advised legislation:

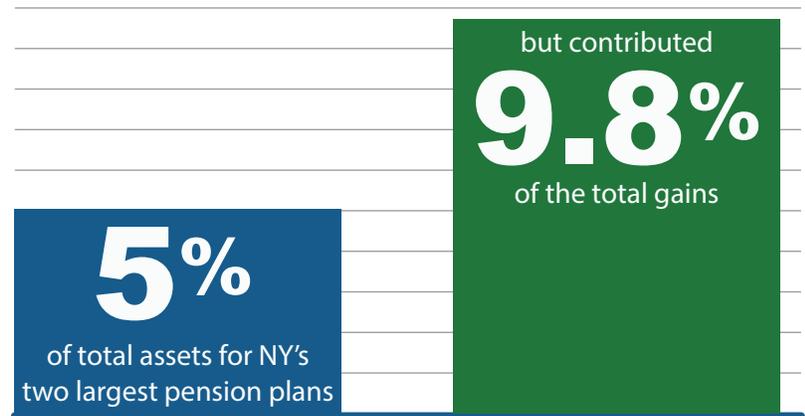
## Divestment asks fund managers to act contrary to their fiduciary responsibility to state workers and retirees:

In a letter to state lawmakers, New York State Comptroller Thomas DiNapoli noted the importance of investing in the energy sector in order to ensure maximum diversification. DiNapoli’s responsibility to the fund is to optimize returns, not to play politics.

*“My fiduciary duty requires me to focus on the long term value of the Fund. To achieve that objective the Fund works to maximize returns and minimize risks. Key to accomplishing this objective is diversifying the Fund’s investments across sectors and asset classes—including the energy sector, where fossil fuels continue to play an integral role in powering the world’s electricity generators, industry, transportation and infrastructure.”*

**Thomas DiNapoli**  
New York State Comptroller

## From 2005-2013, oil and gas investments represented:



- Sonecon Study

## More than 1 million members, retirees and beneficiaries depend on the New York Pension Fund

### PENSION FUND OVERVIEW

# #3

Third largest pension fund in the United States

# \$184.5

Billion in audited net assets

# 3K

Over 3,000 State and local government participating employers

# 1.07M

Overall membership in the New York State & Local Retirement System (NYSLRS):

### AVERAGE PENSIONS

for all ERS retirees in FY 2015:



# \$21,788

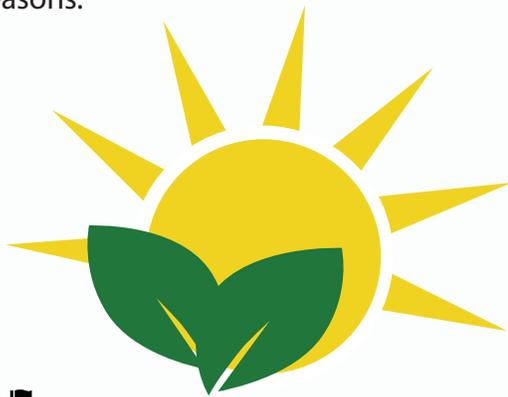
for all PFRS retirees in FY 2015:



# \$46,207

## AN EMPTY GESTURE WITH NO IMPACT ON CLIMATE CHANGE

Selling stocks merely means change in ownership. The simple act of divesting only frees up shares for another investor to buy, with no appreciable impact on prices. There is also no discernable impact on emissions or the environment, which means divestment is an empty gesture done purely for political reasons.



## DIVESTING WILL BE DIFFICULT FOR NEW YORK :

The New York State Pension Fund is invested in the following



Divesting from all fossil energy holdings would be expensive and burdensome, due to preexisting energy holdings in comingled funds. It is not as easy as selling a few stocks.

State Comptroller Thomas DiNapoli correctly noted that divesting means letting go of any influence the Fund may have on energy companies as a prominent shareholder voice:

*“Active engagement with the companies and managers in whom we invest [is] an integral component of addressing climate change risk to the Fund... simply put, if we don't own any energy sector stocks, we lose our vote and our voice when it comes to the future of these companies.”*

**Thomas DiNapoli**  
New York State Comptroller

## INDEPENDENT ACADEMIC RESEARCH SHOWS THE HIGH COST OF DIVESTMENT

Two separate studies have shown the true cost of divestment for universities in dollar terms:

1. University of Chicago's Prof. Daniel Fischel found that in a 50-year period, **portfolios without energy investments would have lost roughly:**

**0.7%**  
ANNUALLY

UNIVERSITIES WOULD COLLECTIVELY LOSE:  
**\$3.2 BILLION**  
EACH YEAR IF DIVESTED

*“Every bit of economic and quantitative evidence available to us today shows that the only entities punished under a fossil-fuel divestment regime are the schools actually doing the divesting—with virtually no discernible impact on the targeted companies. Students and universities may nevertheless wish to make a symbolic or political statement, but they should know it will come at a high price. Talk is cheap, but divestiture is not.”*

**Prof. Daniel Fischel**  
University of Chicago Law School

2. Caltech's Prof. Brad Cornell analyzed the endowments of several leading universities and found if they divested, **each would lose annually:**

Harvard University  
**\$108 MILLION**

Yale University  
**\$51 MILLION**

MIT  
**\$18 MILLION**

Columbia University  
**\$14 MILLION**

New York University  
**\$4.1 MILLION**

