



A new study by Prof. Daniel Fischel of the University of Chicago Law School, along with coauthors Christopher Fiore and Todd Kendall of Compass Lexecon, finds that divestment could mean shortfalls of trillions of dollars for the nation's top pension funds.

While divesting is not likely to have any meaningful environmental impact, it could severely penalize pension returns at a time when public funds are already facing difficulty covering current and future obligations.

Depending on the extent of the policy, here's how divestment would impact 11 of the nation's top pension funds

\$324-431 MILLION Combined losses PER YEAR \$3.7-4.9 TRILLION

Combined losses over **50-year** timeframe

As the nation's largest pension fund, CalPERS has the most to lose by divesting.



New York City's five pensions could lose more than \$1 trillion if they were to divest.



ABOUT PROF. FISCHEL

Professor of Law and Business Emeritus, Univ. of Chicago Law School

Fmr. Dean, Univ. of Chicago Law School

Chairman and President, Compass Lexecon, a top-rated economic consulting firm

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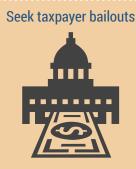
Supreme Court clerk for Justice Potter Stewart

Author of two books on economics and corporate law

To make up for these shortfalls, pensions would need to either

Cut payments to pensioners





FISCHEL'S FINDINGS

KEY FACTS:

- » Adjusting for risk, the average cost of divestment among the 11 funds is 0.15 percent for narrow divestment and 0.20 percent for broader divestment.
- » The weighted average portfolio of the 11 funds would have lost 7.1 percent due to narrow divestment and 9.3 percent due to broader divestment over the past 50 years.
- » This translates to losses of \$3.8 trillion in the narrow divestment approach, and \$4.9 trillion in the broader divestment approach over the past 50 years for the group of 11 funds as a whole.

AN IN DEPTH VIEW OF DIVESTMENT'S IMPACT ON NATIONAL PENSIONS

		ANNUAL RETURN SHORTFALL			DOLLAR SHORTFALL AFTER 50 YEARS	
Pension Fund		*Narrow Divesment	**Broad Divestm	nent	Narrow Divestment	Broad Divestment
California						
CalPERS		0.14%	0.20%		\$2.3 Trillion	\$3.14 Trillion
San Francisco						
Employee's Retirement System		0.16%	0.22%		\$149.4 Billion	\$201.7 Billion
New York City						
Teacher's Retirement System		0.27%	0.27%		\$313.1 Billion	\$313.1 Billion
Police Pension Fund		0.11%	0.13%		\$280.5 Billion	\$324.7 Billion
Fire Department Pension Fund		0.13%	0.16%		\$100 Billion	\$119.6 Billion
NYCERS		0.16%	0.22%		\$502.5 Billion	\$692.2 Billion
Board of Education Retirement System		0.17%	0.23%		\$50.3 Billion	\$67.3 Billion
Chicago						
Policemen's Annuity & Benefit Fund		0.12%	0.17%		\$18 Billion	\$25.4 Billion
LABF		0.05%	0.09%		\$4.3 Billion	\$6.9 Billion
Firemen's Annuity & Benefit Fund		0.08%	0.13%		\$4.6 Billion	\$6.9 Billion
MEABF		0.11%	0.15%		\$25.1 Billion	\$34.4 Billion
	AVERAGE:	0.15%	0.20%	TOTAL:	\$3.7 Trillion	\$4.9 Trillion

*Coal, oil and gas companies **Utilities, coal, oil and gas companies



