



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

Fmr. Professor, Northwestern Univ. Law School

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



Seek taxpayer bailouts



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

Pension Fund	ANNUAL RETURN SHORTFALL		DOLLAR SHORTFALL AFTER 50 YEARS			
	*Narrow Divesment	**Broad Divestment	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



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