

# NYC taking steps to divest pension funds of fossil fuels

January 10 2018, by Frank Eltman

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In this Jan. 19, 2016 file photo, a man watches a BP refinery in Gelsenkirchen, Germany. New York City officials say they will begin the process of dumping about \$5 billion in pension fund investments in fossil fuel companies, including BP, because of environmental concerns. (AP Photo/Martin Meissner, File)

New York City officials are citing climate change as their motivation to join a growing number of investors ridding themselves of financial interest in fossil fuels.

Democratic Mayor Bill de Blasio and Comptroller Scott Stringer are set to announce plans on Wednesday to divest the city's five pension funds of roughly \$5 billion in fossil [fuel](#) investments out of its total of \$189 billion. They say the divestment is the largest of any municipality in the U.S. to date.

"Safeguarding the retirement of our city's police officers, teachers and firefighters is our top priority, and we believe that their financial future is linked to the sustainability of the planet," Stringer said.

Clara Vondrich of the DivestInvest campaign says the city joins a movement that started about six years ago. She says hundreds of institutional investors managing assets of over \$5.5 trillion have taken their money out of fossil fuel investments.

Last month, Democratic New York Gov. Andrew Cuomo announced plans to have the state pension funds also divest from fossil fuel investments. He and state Comptroller Thomas DiNapoli are creating an advisory committee to examine the way to proceed with divestment.



In this Sept. 21, 2017 file photo, petroleum coke, the grainy black byproduct of refining Canadian tar sands oil, is visible at the BP Whiting refinery in East Chicago, Ind. New York City officials say they will begin the process of dumping about \$5 billion in pension fund investments in fossil fuel companies, including BP, because of environmental concerns. (DroneBase via AP, File)

In November, Norway's central bank urged the Norwegian government to consider divesting oil and gas company shares held in the \$1 trillion oil fund.

Vondrich said other cities and entities divesting of fossil fuel interests have included Washington, D.C., Berlin and Cape Town; insurance companies Swiss Re, Axa and Allianz; and educational institutions such as the University of Oxford in Great Britain, Stanford University in California and Trinity College in Ireland.

Philanthropies have included the Wallace Global Fund and the Rockefeller Brothers Fund, notable because the late John D. Rockefeller grew his wealth as an oil baron.



In this Feb. 13, 2015 file photo, stacks and burn-off from the ExxonMobil refinery are seen at dusk in St. Bernard Parish, La. New York City officials say they will begin the process of dumping about \$5 billion in pension fund investments in fossil fuel companies, including Exxon Mobil, because of environmental concerns. (AP Photo/Gerald Herbert, File)

"The Rockefeller Brothers Fund is proud to stand alongside Mayor de Blasio and Comptroller Stringer in their historic commitment to divest the NYC pension funds from [fossil fuels](#)," Stephen Heintz, president of the Rockefeller Brothers Fund said in a statement.



Brian Youngberg, a senior energy analyst at Edward Jones Investments, noted divestment is not entirely altruistic over the issue of [climate change](#). Fossil fuel securities are underperforming and officials say the outlook for fossil fuel investments continues to be negative.

"One issue facing the industry is peak oil demand," Youngberg said. "Growth will slow over the next several years."



In this March 28, 2006 file photo, Chevron's Discoverer Deep Seas drills for oil in the Gulf of Mexico. New York City officials say they will begin the process of dumping about \$5 billion in pension fund investments in fossil fuel companies, including Chevron, because of environmental concerns. (AP Photo/Alex Brandon, File)

Kyle Isakower, vice president of the American Petroleum Institute, has previously said that divestment is a "tactic of misinformed activists" that

is incompatible with job creation, affordable energy, and economic prosperity."

"Millions of retirees and pension holders depend on income from oil and natural gas investments to live," he said. "Government pension fund managers have a fiduciary responsibility to ensure the greatest return for their investors. Divestment from energy stocks is likely to reduce investment returns and is therefore not in agreement with their fiduciary responsibility."

New York's two largest pension funds, New York City Employees' Retirement System and Teachers' Retirement System, will immediately pursue divesting by 2022, officials said, "consistent with prudent practice and in line with their fiduciary responsibilities." The other three major [pension funds](#) will be encouraged to begin divestment as quickly as practical.



In this Feb. 9, 2016 file photo, a ConocoPhillips drill rig is deployed at the CD5 drilling site in Nuiqsut, on Alaska's North Slope. New York City officials say they will begin the process of dumping about \$5 billion in pension fund investments in fossil fuel companies, including ConocoPhillips, because of environmental concerns. (AP Photo/Mark Thiessen, File)

Fund trustees also will seek a legal opinion to confirm that carrying out divestment actions would be consistent with trustees' fiduciary duties to beneficiaries.

De Blasio also is expected to announce a lawsuit against five major oil companies, seeking damages for the costs of infrastructure improvements to contend with the effects of climate change.

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Citation: NYC taking steps to divest pension funds of fossil fuels (2018, January 10) retrieved 25 April 2024 from <https://phys.org/news/2018-01-nyc-divest-pension-funds-fossil.html>

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