



Rob Feckner  
CalPERS Board of Administration, President  
400 Q Street, Sacramento, CA 95811

Dear President Feckner,

Smoking is the single leading cause of preventable death in this nation and in California, robbing 40,000 Californians of their lives annually. According to the most recent Federal Trade Commission reports on cigarettes and smokeless tobacco marketing, the tobacco industry spends nearly \$26 million dollars every day to promote their products.<sup>1,2</sup> Although this industry claims to have ceased all intentional advertising to kids, evidence shows that stores that have more youth customers have more than three times as many tobacco ads as stores in areas with fewer youth.<sup>3</sup>

As health organizations who have led the way in reducing the death and suffering from tobacco, we are extremely disappointed to learn that the California Public Employees Retirement System (CalPERS) is considering reversing a decision made 16 years ago to divest from tobacco companies. Investing in tobacco would pit CalPERS's portfolio against the financial and physical well-being of its members and the rest of California.

The tobacco industry inflicts more than \$23 billion of health care and lost productivity costs upon Californians on an annual basis—including \$3.5 billion of direct costs to California taxpayers to pay for treating tobacco related disease of Medi-Cal patients.

It is not just about the money. Investing in tobacco companies would send the message that California supports an industry that has made significant profits by selling a product that often results in death when used as directed. Half of smokers can expect to die from their addiction.

And now, with the three major tobacco companies all investing in major electronic cigarette brands, the industry is exploiting the absence of regulation of e-cigarettes to lure a new generation to a new nicotine addiction. E-cigarettes are now offered for sale in over 7,700 flavors including Captain Crunch, gummy bear, cotton candy, Atomic Fireball and fruit loops.<sup>4,5</sup> With flavors like these it is clear the target is our youth and it's no surprise that the youth popularity of these products tripled from 2013 to 2014.<sup>6</sup> Unfortunately, studies are increasingly showing that e-cigarettes are serving as a gateway for youth to conventional cigarettes.

Each year, 16,800 kids in California become new regular, daily smokers. That's 441,000 kids now under 18 and alive in our state that will ultimately die prematurely from smoking.<sup>8</sup>

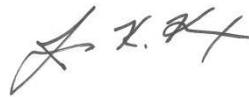
Every dollar we invest in the tobacco industry helps it addict more of our youth to a product that will ultimately harm them, rob thousands of their lives and cost all of us billions of dollars in health care expenses.

It is simple: investing in Big Tobacco may bring in some additional funds, but at what cost? California will end up paying much more, physically and financially. That is not a wise investment in our future. We respectfully urge you to continue with the current policy and send a message that the health of California's kids is not worth trading for tobacco profits.

Sincerely,



Eric Batch  
Vice President, Advocacy  
American Heart Association



Jim Knox  
Vice President,  
Government Relations, California  
American Cancer Society  
Cancer Action Network



Vice President,  
Public Policy & Advocacy  
American Lung Association in California

Cc: Members, CalPERS Board of Administration  
The Honorable Rob Bonta, Chair, Assembly Public Employees, Retirement and Social Security Committee  
The Honorable Richard Pan, Chair, Senate Public Employment and Retirement Committee

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2. U.S. Federal Trade Commission (FTC). Smokeless Tobacco Report for 2012, 2015, <https://www.ftc.gov/system/files/documents/reports/federal-trade-commission-smokeless-tobacco-report-2012/150327-2012smokelesstobaccorpt.pdf>
3. Henriksen, L, et al., "Reaching youth at the point of sale: Cigarette marketing is more prevalent in stores where adolescents shop frequently," Tobacco Control 13:315-318, 2004.
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5. U.S. Food and Drug Administration. "FDA Warns of Health Risks Posed by E-Cigarettes." July 23, 2009. Available at: <http://www.fda.gov/ForConsumers/ConsumerUpdates/ucm173401.htm>
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7. Johnston, L. D., O'Malley, P. M., Miech, R.A., Bachman, J. G., & Schulenberg, J. E. (2015). Monitoring the Future national results on adolescent drug use: Overview of key findings, 2014. Ann Arbor, Mich.: Institute for Social Research, the University of Michigan
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