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Smoking or Non-Smoking?

The California Public Employees' Retirement System (CalPERS) struck a controversial note this week when its board announced it would study whether to get back into the tobacco industry. The nation's largest pension fund divested from tobacco companies in 2001 on the premise that making money off a product known to cause cancer was in conflict with the fund's social responsibility.

But a [study](#) by a consulting firm showed that CalPERS forfeited an estimated \$3 billion in investment profits since 2001 because of that decision. The board will take its time — two years — reconsidering its decision, citing its fiduciary duty to make the best investment choices possible for retirees.

The announcement has already drawn fire from those who say CalPERS would violate its role as a health insurer by getting back into tobacco. State Treasurer John Chiang, who sits on the board and voted against the majority, said in a statement that investing in tobacco companies is harmful to public health and to the fund's fiscal bottom line. "Smoking causes addiction, disease and death," said Chiang. "No public pension fund should associate itself with an industry that is a magnet for costly litigation, reputational disdain, and government regulators around the globe."

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