

PRUDENT INVESTMENTS

This warrant article is a local option to accept the provisions of Mass. General Laws Chapter 44, Section 54b. Called the “Prudent Investment Rule”, this changes how a municipality is allowed to invest monies held in trust funds, allowing these funds to be invested in a broader range of investments.

PROS

1. Currently, municipal trust funds held in the Treasurer’s custody can only be invested in securities on the Massachusetts Legal List - a list of twenty-two securities approved by the Commissioner of Revenue. Accepting the Prudent Investment Rule allows the Treasurer to invest in a more diverse portfolio.
2. A more diverse portfolio helps manage risks more effectively and levels out volatility and potential risk.
3. The current Mass. Legal List has remained the same for the last fifteen years. The performance of securities can change and may no longer be a good investment. Having more options can increase performance.
4. Potential for a greater return on the investments.

CONS

1. As with any investment, there are potential risks.