

# SENATE NO. 1171

## AN ACT RELATIVE TO PRUDENT INVESTORS

*Be it enacted by the Senate and House of Representatives in General Court assembled,  
And by the authority of the same, as follows:*

1 SECTION 1. Section 54 of chapter 44 of the general laws is hereby amended as follows:

2 The current text of General Laws Chapter 44, Section 54, shall be subtitled “(a) General Rule:” and the  
3 following paragraph shall be added to said section 54 as follows:

4 (b) Prudent Investor Rule

5 This paragraph shall take effect in any city, town or district upon acceptance in accordance with  
6 the provisions of General Laws Chapter 4, Section 4. Upon acceptance of this paragraph any city, town,  
7 or district may manage trust funds held in its custody as a combined investment pool and may invest  
8 said funds in accordance with the provisions of the Massachusetts Prudent Investor Act (General Laws  
9 Chapter 203C) and not in accordance with paragraph (a) of this section with the following limitations:

10 (i) No more than forty percent (40%) of the combined investment pool is invested in shares of common  
11 or preferred stock; (ii) No more than five (5%) of the combined investment pool is invested in the  
12 securities of any single corporation or issuer, with the exception that there shall be no such limit on  
13 securities issued by the United States Government or any of its agencies; and (iii) such investments shall  
14 be made in the exercise of prudent judgment and care consistent with the provisions of the  
15 Massachusetts Prudent Investor Act. If any provision of this paragraph conflicts with the terms of a  
16 bequest, trust or other instrument that expresses the clear intent of the donor, then such funds may only  
17 be managed and invested in accordance with the terms of such bequest, trust or other instrument.