An Act relative to pensions, fiduciary standards and sustainable investment

The very old legal obligation called "*fiduciary duty*" is in the national news – debated along red state-blue state lines.

"Do ESG-rated securities comply with fiduciary duty at state public pension funds?"

With the obvious differences of opinion, we took the opportunity to evaluate how Massachusetts General Law defines "fiduciary duty" for our own public pensions.

It doesn't. That's an opportunity.

State Senator Julian Cyr has introduced fiduciary standards bill S.1644 in the Massachusetts senate to update, affirm, complete and clarify the *legal guidance* essential to *how, why and for whom* billions in pension money move in the Commonwealth economy. The timely and beneficial bill:

1. Articulates the scope and meaning of fiduciary duties and clarifies legal language guiding fiduciary choices in MGL Chapter 32 – *Retirement Systems and Pensions*
2. Shifts the prime directive of a public pension from a nonfiduciary growth-centric return on investment to the fiduciary stewardship of the "Pension Promise" for diverse beneficiaries
3. Protects PRIM, which is the fiduciary managing $90 billion for 300,000 public sector workers, from fiduciary malpractice
4. Provides a legal blueprint to challenge PRIM's fiduciary choices and/or offers PRIM the option to comply through self-regulation.

The Duty to Follow Instructions

"Fiduciary duty" boils down to the quality of instruction from a beneficiary to a fiduciary - *aka* the law.

If the guiding law is incomplete or unclear, as it is in MA, then claims of fiduciary compliance or malpractice are hard to prove.

Better instruction = Better fiduciary duty = Bill SD2252

Problem: Fiduciary law and fiduciary practice are out of sync. That risks fiduciary malpractice and the future.

Fix: Introduce language to answer these questions: "What is fiduciary?" and "What is not fiduciary?"

Result: Non-compliant fiduciary money moves to alternatives that do comply – and benefits Massachusetts.

The bill defines fiduciary duty, its historic qualitative prime directive and the Duty to a Safe Future

The bill acknowledges the economic dominance of public pensions and their purpose as a public good

The bill restates terms such as "Fiduciary", "Beneficiary", "Loss", and "Commonwealth Pension Promise Fund"

Why does it matter?

Money talks.

Contracts deliver.

Massachusetts wins now and decades from now.

Contract terms

A public pension is society's only social contract with arguable terms and conditions. Fiduciary breaches here cost everyone.

Behemoth scale

Vast public pension money is available now to debunk claims that government isn't rich enough to tackle big crises. Its fiduciary is.

Time travel

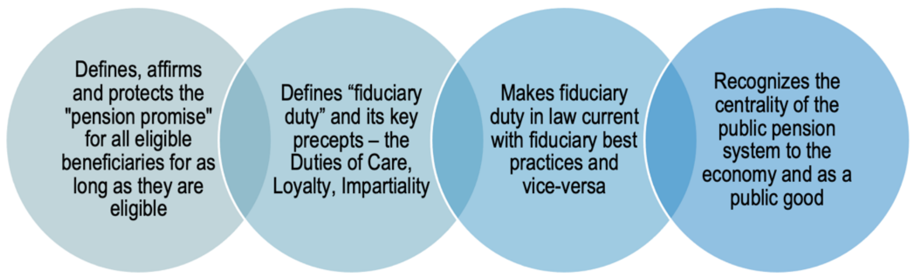
A 25-yo new hire in a government job retires in 2062 and collects benefits until 2098. Is that retirement 75 years away dignified?

This bill opens the door to existing tools and resources in the public sector that have the mission, duty and enormous financial scale to tackle big challenges like climate.

Q1: What's the relevance to climate?	If enacted as law, this bill defines new fiduciary accountability that can be challenged in court. Because of the "climate-scale" money at play and the obligation to future beneficiaries, leadership of the climate crisis is a vivid example of how this fiduciary bill might take shape.
Q2: Does this bill fix the climate crisis?	Not on its own. It's the first step. The second step? A future court challenge powered by this language. Or PRIM self-regulates.
Q3: Is it different than a divestment campaign?	Yes. Divestment is a moral argument to ban specific investments for public pensions. This bill is a legal imperative. It requires in law that pensions defend fiduciary choices – without specifying how to make those choices.

Change the law, change the outcome

The untried climate strategy is to review the governing law – like S.1644 that:



Q4: What about growth and "Maximized Returns"?	Legal opinions in other US states fuel partisan claims that public pensions have a sole obligation to grow regardless of the damage it causes. Not so. Actuaries determine a sufficient rate of return – maybe it's 7%. The pursuit of *sufficient* returns, defined in this bill, creates opportunity to explore fiduciary-grade enterprises that fulfill the pension promise of a dignified future.
Q5: How does a fiduciary predict the future?	We will never know exactly what happens in the future, *but that's not a defense for not considering current actions and reckoning with their known, science-backed impacts on the future.* There are safer alternative paths.

Pension mechanics

Financial excellence is only half the fiduciary's job

It's not IF a public pension fiduciary must make a return but HOW that return is earned in order to deliver the pension promise. That's a given. That does not change in this bill.

Pension purpose

Negotiating a dignified future is the second half

How, why and for whom fiduciary-led public money delivers the pension promise – *whenever it's required* – is the model for how we ensure a dignified future for all of us.

Pension potential

Learn about unlocking fiduciary financial might

Pensions as climate heroes
Legislative Initiative
Fiduciary-grade Investment
Endgame Sustainability
Pensions as a Public Good

Q6: What else benefits, besides climate?	Other chronically unfunded crises – like health or education – may also benefit from a duty-sworn use of "climate-scale" fiduciary money. Where compliant fiduciary money goes is answered by innovation and need that meets the financial minimums sufficient to deliver the pension promise.
Q7: Does it affect current benefits?	No. Delivery of current benefits is unchanged, *but the bill does protect the retirements for future retirees who come after – maybe decades after.*
Q8: What's next?	Support the bill. Consider its merits. Ask state politicians and others to endorse the bill. Write letters. Speak at hearings. Ask us for a meeting.