

State treasurer: ‘Bond’ with me Hopes to spur interest with \$1,000 price

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Photo by Patrick Whittemore

State Treasurer Steven Grossman has a “grand” plan to entice people to put their money to work in Massachusetts.

The state will sell \$1,000 bonds for the first time in two decades to make the investments more accessible to individuals. Bay State bonds typically come in \$5,000 denominations.

“We felt that if we really wanted the citizens of the commonwealth to invest in their own future ... we needed to offer (bonds) in an amount that at least more people could access,” Grossman said yesterday, crediting state Rep. Kate Hogan (D-Stow) with the idea to downsize the denomination.

The Build Mass Bonds — generating \$518 million to pay for infrastructure projects such as roads and bridges — will be offered through brokers to individual investors from Friday to Monday. The tax-exempt bonds will mature on Feb. 1, 2014.

The state’s banker, JP Morgan, will set the interest rate Friday, when Grossman and Gov. [Deval Patrick](#) kick off the bond sale with a promotional event.

Despite its low purchase price, the bond actually may be better for wealthier individuals who stand to gain more from the short-term, tax-exempt investment, said certified financial planner Ted Yoos. People in lower tax brackets may be better off buying a two-year CD with a higher interest rate and no fees from their local bank.

“For small savers ... I don’t think these are particularly compelling investments, except maybe for someone who gets all warm and fuzzy about investing in the state of Massachusetts,” said Yoos, president of Cornerstone Financial Management in Burlington.

Municipal bond yields have fallen since the market was shaken in December by predictions of defaults by financially strapped governments in California and Florida. But Massachusetts is seen as a solid investment because of its strong credit rating.

“This is an exceptionally good time for the commonwealth to be coming to market,” said Tom Doe, president of Municipal Market Advisors, a research firm in Concord.

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