

The Office of Economic Empowerment

The Office of Economic Empowerment (OEE) is a department within the Office of the Treasurer and Receiver General of Massachusetts tasked with offering free and accessible financial education, promoting wage equity, and creating a bright future for children across the state.

Our office delivers programs to all residents of Massachusetts and at every stage of their lives, regardless of their economic background.

Learn more by visiting our website:

www.mass.gov/treasury/empowerment.

MA Baby Bonds: Background

Racial Wealth Gap In Massachusetts

- Especially stark when compared to other states. Famous data point from the Color of Wealth Study found that in Great Boston median net worth for Black families is \$8 compared to \$247,000 for White families. Significant disparities also exist compared to Hispanic families, which have a net worth of \$0-\$3,020, depending on sub-group
- A recent report by MassBudget noted that thus far attempts in Massachusetts to bridge advantages of wealth have tended to be narrow and limited.

MA Baby Bonds Initiative

- Announced by Treasurer Goldberg in March 2022.
- 70 members from with diverse backgrounds.
- Submitted its recommendation in November 2022.
- Bills to implement the recommendations were filed in January 2023 (S.1999 & H1157).
The two bills were heard last month, and the Senate bill has been favorably reported out of committee. We are still waiting for the decision on the House bill.

MA Baby Bonds: Eligibility and Endowment

- **Designated beneficiaries:**
 - Children under the age of one who are enrolled in the **Transitional Aid to Families with Dependent Children (TAFDC)**. Estimated 8,000-9,000 babies per year.
 - Children under the age of one in the **Department of Children and Families’ foster care system**. Estimated 1,000 babies per year.
- Enrollment in Baby Bonds is **automatic**.
- The Task Force recommended a “*significant endowment that can realistically be used*” for one of the allowable goals.
- The report modelled low/medium/high endowment, and recommended the **medium endowment**:

	Low	Medium	High
Total funding per child	\$ 4,250.00	\$ 6,500.00	\$ 8,500.00
18yr value	\$ 10,228.13	\$ 15,643.03	\$ 20,456.26
-Present Value	\$ 6,768.72	\$ 10,352.16	\$ 13,537.45
35yr value	\$ 23,443.07	\$ 35,854.10	\$ 46,886.13
-Present Value	\$ 10,504.99	\$ 16,066.46	\$ 21,009.99

Projections assume a 5% rate of return and take into account a 2.32% annual inflation rate.

MA Baby Bonds: Withdrawal of Funds

Withdrawals

- Allowed at any time between ages 18 to 35.

Eligible expenditure

- Post-secondary education;
- Investment in a business;
- Purchase of a home;
- Any investment in financial assets or personal capital that provides long-term gains to wages or wealth, as defined by regulation promulgated by the state treasurer.

Additional terms for withdrawal

- Beneficiary must be a resident of Massachusetts at the time of withdrawal.
- Expenditure is in-state.

MA Baby Bonds: Community Participation and Engagement

- The MA Baby Bonds Task Force report include detailed recommendations on engagement with Baby Bonds participants and their families, with the goals to -
 - Inform families and participants of Baby Bonds.
 - Encourage engagement with the Baby Bonds account.
 - Build financial capability.
 - Support the family their child's developmental milestones.
- To support this work, the bill establishes the Massachusetts Baby Bonds Community Advisory Committee comprised of individuals and interested stakeholders from geographically diverse regions of the commonwealth, to “facilitate regular community engagement and outreach concerning the administration and allocation of the Baby Bonds Trust Fund”.