

# Savings Bonds Training Outline

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*This outline provides key information regarding savings bonds that you may find useful when conducting in-house training.*

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## I. Introduction

### A. Background

- A savings bond represents a loan made to the United States. Savings bonds are registered securities backed by the full faith and credit of the United States. They cannot be sold in a secondary securities market or used as collateral.
- The U.S. Savings Bond Program began in 1935. The Series E bond was introduced in May 1941 and became the most widely held security in the world. The Series EE bond replaced the Series E bond in 1980. The I Bond was introduced in 1998.

### B. Relationship among Financial Institutions, the Minneapolis Treasury Retail Securities (TRS) Site, and the Bureau of the Fiscal Service

- Financial institutions meet customer needs by assisting in the completion of savings bond transactions and answering questions.
- The Minneapolis TRS site services financial institutions by processing savings bond payments and transactions, and by providing instructional materials and training.
- The Bureau of the Fiscal Service establishes guidelines, makes final accounting for bonds retired, and processes savings bond cases that are beyond the authority of the Minneapolis TRS site.

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## II. General and Historical Information

### A. Series

- **Series EE** bonds are savings securities that were designed to encourage savings by investors of relatively modest means. For full disclosure of terms and conditions of EE bonds, see Department of the Treasury Circulars, Fiscal Service Series No. 1-80 and No. 3-80. at <http://www.treasurydirect.gov/deptcirculars.htm>.

Paper Series EE bonds are accrual type bonds that were purchased at a 50% discount; for example, you paid \$25 to buy a \$50 bond. Interest accumulates and is paid as part of the redemption value when the bond is cashed. Series EE bonds with May 1997 and later issue dates accrue interest monthly and interest is compounded semiannually. Bonds with May 1, 2005 and later issue dates earn interest at fixed rates. A fixed rate remains constant for the 30-year life of the bond, which includes a 10-year extended maturity period, unless a different rate or rate structure is announced prior to the start of that extension period.

- **Series I** bonds are inflation-indexed savings securities designed to help protect investor purchasing power. For full disclosure of terms and conditions of Series I bonds, see Department of the Treasury Circulars, Fiscal Service Series No. 1-98 and No. 2-98 at <http://www.treasurydirect.gov/deptcirculars.htm>. Paper I bonds were accrual type bonds issued at par (face value); for example, you paid \$50 to buy a \$50 bond. Interest accumulates and is paid as part of the bond's redemption value when the bond is cashed. Series I bonds usually increase in value monthly; interest compounds semiannually. The Series I bond earnings rate reflects the combination of a fixed rate and an inflation rate. The fixed rate remains constant for the life of the bond, but the inflation rate can vary every 6 months. Series I bonds can earn interest for up to 30 years.
- **TreasuryDirect** is an online system that provides customers with the opportunity to hold both electronic Treasury marketable securities and electronic savings bonds directly with the Treasury in a single account. To learn more, go to [www.treasurydirect.gov](http://www.treasurydirect.gov).

## B. Denominations

Paper Series EE and I savings bonds were offered in various denominations. The charts below illustrate the different denominations that were offered:

Series EE Savings Bonds			
Prefix	Denomination (Face Amount)	Purchase Price	Portrait
L	\$50	\$25	George Washington
K	75	37.50	John Adams
C	100	50	Thomas Jefferson
R	200	100	James Madison
D	500	250	Alexander Hamilton
M	1,000	500	Benjamin Franklin
V	5,000	2,500	Paul Revere
X	10,000	5,000	James Wilson

Series I Savings Bonds			
Prefix	Denomination (Face Amount)	Purchase Price	Portrait
L	\$50	\$50	Helen Keller
K	75	75	Dr. Hector Garcia
C	100	100	Martin Luther King Jr.
R	200	200	Chief Joseph
D	500	500	General George C. Marshall
M	1,000	1,000	Albert Einstein
V	5,000	5,000	Marian Anderson
X	10,000	10,000	Spark Matsungaga

## C. Eligible Owners

Paper bond registrations are permitted to include their names of:

- ✓ Residents of the United States, its territories and possessions, and the Commonwealth of Puerto Rico
- ✓ Citizens of the United States residing abroad
- ✓ Civilian employees of the United States or members of its Armed Forces, regardless of residence or citizenship, provided they have a taxpayer identification number (TIN)

Individuals not in these categories maybe a co-owner, beneficiary, or owner in certain circumstances, unless the individual is a resident of any area where the Treasury restricts or regulates the delivery of checks drawn on U.S. funds. To learn more, see Department of the Treasury Circulars, Fiscal Service Series Nos. 3-80 and 2-98, at <http://www.treasurydirect.gov/deptcirculars.htm>.

## D. Authorized Forms of Registration

- **Single ownership** (one individual). Example: John Q Doe, 123 45 6789.\* Only the registered owner may redeem the bond. At the death of the owner, the bond becomes the property of the bond owner's estate.
- **Co-ownership** (two individuals as co-owners). Example: John Q Doe OR Mary S Doe, 123 45 6789.\* Either co-owner may cash the bond without the knowledge or approval of the other. At the death of one co-owner, the surviving co-owner becomes the sole owner of the bond.
- **Beneficiary** (one owner and one beneficiary). Example: John Q Doe POD (payable on death) Mary S Doe, 123 45 6789.\* The bond is redeemable only at the request of the registered owner. The beneficiary becomes the owner of the bond at the death of the original owner.
- **Fiduciaries** (trustees, custodians, guardians, etc). Example: John Doe Trustee under agreement with Mary Roe dated 12/17/94, 12-3456789.\* Limited to estates of living persons for Series I bonds.
- **Private and public organizations**. Example: Smith Manufacturing Company a corporation, 12-3456789.\* Note: Not authorized for I bonds.

*\*Effective August 15, 2006, due to privacy concerns, the complete Taxpayer Identifying Number (TIN) was no longer required on the face of a definitive (paper) bond. The complete TIN continues to be maintained on official bond records. The TIN is masked and appears as \*\*\* \*\* 6789*

Only two names are allowed per bond registration. For bonds in co-ownership form, one of the co-owners is considered the “principal co-owner” for federal income tax purposes. (The principal co-owner is the co-owner who (1) purchased the bonds with his or her own funds or (2) received the bonds as a gift, a legacy, an inheritance, or as a result of judicial proceedings and had the bonds reissued (re-registered) in co-owner form.) To learn more about these and other registrations for definitive (paper) savings bonds, please see Department of the Treasury Circulars, Fiscal Service Series Nos. 3-80 and 2-98, at <http://www.treasurydirect.gov/deptcirculars.htm>.

## **E. Interest and Maturity**



*See Appendix J for questions and answers about interest on paper savings securities.*

### **Series E/EE Bonds and Savings Notes - Accrual Type**

Interest accrues and is paid as part of the redemption value when a Series E/EE bond or savings note is cashed. The issue date determines when a bond begins earning interest, increases in value, and stops earning interest. The rate at which bonds earn interest also depends on the issue date. The issue date is the first day of the month shown in the issue date on a paper savings bond. For example, if "September 2010" is shown as the issue date on the paper bond, the issue date is September 1, 2010. (All savings notes and all Series E bonds have reached final maturity and have stopped earning interest.)

Paper EE savings bonds are eligible for redemption after they are held a minimum of one year. An interest penalty consisting of the 3 most recent month's interest applies to bonds cashed before 5 years. (Values (\$) of EE that are less than 5 years old do not include the latest 3-months' interest.)

### **Paper EE Bonds with May 2005 and Later Issue Dates**

When an EE bond with a May 2005 or later issue date becomes 20 years old—that is, when an EE bond reaches its original maturity date—that EE bond's value (\$) will be no less than double its original value (the issue price). During that EE bond's 10-year extended maturity period, that bond will continue to earn the fixed rate set at the time of issue unless a new rate or rate structure is announced before the start of the extended maturity period. If an EE bond with a May 2005 or later issue date does not double in value as the result of applying the fixed rate for the first 20 years, the Treasury will make a one-time adjustment at original maturity to make up the difference.

### **Paper Series EE Bonds Issued May 1997 through April 2005**

Rates for Series EE savings bonds bought May 1, 1997, through April 2005 are 90% of the average yields on 5-year Treasury securities over the six months preceding rate announcements. Rates are announced each May and November; but, for a particular EE bond, the rate changes on each six-month anniversary of the bond's issue date. For example, the 6-month earning period for a bond issued in June is June through November. On June 1, the bond begins earning interest at the rate announced in May. On December 1, the bond begins earning interest at the rate announced in November.

These EE bonds increase in value every month; interest is compounded semiannually. Series EE bonds earn interest for 30 years. Because the interest for these bonds is tied to market rates every six months, there's no way to predict when a bond will reach its face value. If a paper EE bond with a June 2003, or later, issue date doesn't reach face value by the time it is 20 years old, Treasury will make a one-time adjustment to increase that EE bond's value to face value at that time. For paper bonds issued May 1997 through May 2003, the Treasury will make a one-time adjustment if the bond does not reach face value by the time it is 17 years old.

### **Paper Series EE Bonds Issued May 1995 through April 1997**

Series EE savings bonds issued May 1, 1995, through April 30, 1997, earn interest based on market yields for Treasury securities—that is, 85% of the average of 5-year Treasury security yields. A new rate is determined May 1 and November 1. The May 1 rate reflects yields during the preceding November through April and the November 1 rate reflects yields during the preceding May through October. (These Series EE bonds earned short-term rates for the first five years.)

Bonds increase in value six months after purchase and every six months thereafter. For example, a bond bought in June will increase in value on December 1 and on each following June 1 and December 1. When the bonds are cashed, the bond owner will receive the value of the bonds as of the last date interest was added. If the bonds are redeemed between dates on which they increase in value (accrue interest), the bond owner will not receive interest for the partial period.



See Appendix B for a table listing the interest accrual dates.

### **Paper Series E/EE Bonds and Savings Notes Issued Before May 1995**

The rate at which these Series EE bonds earn interest depends on their issue date. (All savings notes and Series E bonds have stopped earning interest.) EE bonds stop earning interest 30 years after their issue dates. EE bonds that were issued before May 1995 and are less than 30 years old earn interest at either guaranteed minimum rates for the entire period from the date of issue or market-based rates for the entire period from the date of issue (or if issued before November 1982, from the bond's first interest accrual date on or after November 1, 1982), whichever category of rates for the entire period produces the higher redemption value.

Guaranteed minimum rates were set at the time a bond was issued. This initial minimum rate applies for a bond's original maturity period and is subject to change as a bond enters an extended maturity period. For guaranteed minimum rates, contact the Minneapolis TRS site. Market-based rates are based on the 5-year Treasury securities yields that are calculated each May 1 and November 1. The market-based savings bond rate is set at 85% of the average of these yields for the applicable earning periods.

### **Series EE Bonds Issued March 1993 through April 1995**

Bonds with issue dates of March 1993 through April 1995 have a guaranteed minimum rate of 4% per year, compounded semiannually. These bonds have an original maturity period of 18 years. For current rates, contact the Minneapolis TRS site, or use the online Savings Bond Calculator at [http://www.treasurydirect.gov/indiv/tools/tools\\_savingsbondcalc.htm](http://www.treasurydirect.gov/indiv/tools/tools_savingsbondcalc.htm).

### **Series EE Bonds Issued November 1982 through February 1993**

These bonds began earning interest on a fixed graduated scale that started at 4.16% at six months and increased during the first five years to reach a guaranteed minimum rate at five years. Bonds with issue dates of November 1986 through February 1993 had a guaranteed minimum rate of 6% per year, compounded semiannually, for their 12-year original maturity period. Bonds with issue dates of November 1982 through October 1986 had a guaranteed minimum rate of 7.5% per year, compounded semiannually, for their 10-year original maturity period. For current rates, contact the Minneapolis TRS site, or use the online Savings Bond Calculator at [http://www.treasurydirect.gov/indiv/tools/tools\\_savingsbondcalc.htm](http://www.treasurydirect.gov/indiv/tools/tools_savingsbondcalc.htm).

### **Series EE Bonds Issued Before November 1982**

These bonds, if they have not reached final maturity and stopped earning interest, are earning interest at either guaranteed rates from the bond's first interest accrual dates on or after November 1, 1982, or at market-based rates for that entire period, whichever produces the higher redemption value.

### **Series H/HH Bonds - Current Income Type**

**Important note:** Treasury discontinued offering Series HH bonds on August 31, 2004. Although no new bonds are being issued, existing bonds will continue to earn interest until redemption or final maturity, whichever event happens first.

Interest is paid every six months by direct deposit (ACH) to an account in the owner's or co-owner's name. Series HH bonds are issued for an original term of 10 years and are granted one 10-year extension giving them a full life of 20 years. Interest rates are subject to change when a bond enters an extension period. Series HH bonds with issue dates of January 2003 through August 2004, and Series HH bonds entering an extended maturity period January 1, 2003, and later earn interest at the fixed rate of 1.5%. All Series H bonds have reached final maturity and no longer earn interest.

Series HH bond owners can also sign up for direct deposit by completing a Direct Deposit Sign-Up Form (PD F 5396) and submitting it to the Minneapolis TRS site.

### **Original and Final Maturity**

Until original maturity, bonds earn interest according to the terms and conditions established at the time they were issued. When a savings bond has reached its original maturity, it enters an extended maturity period. Extended maturity periods are generally 10 years but can be longer or shorter to complete an overall life span. Bonds can enter additional extended maturity periods to complete their interest-earning life spans. The maturity periods for all series of savings bonds may also be found on the following page. Customers can check for bonds that have reached final maturity and for interest payments or bonds returned to the Treasury as undeliverable using Treasury Hunt, found at [http://www.treasurydirect.gov/indiv/tools/tools\\_treasuryhunt.htm](http://www.treasurydirect.gov/indiv/tools/tools_treasuryhunt.htm). If these electronic tools are not accessible to your financial institution, please contact the Minneapolis TRS site.

### **Series I Bonds**

Series I bonds usually increase in value monthly, and interest is compounded semiannually. The interest accumulates and is paid as part of the redemption value when a bond is cashed. Series I bonds can earn interest for up to 30 years. Series I bonds earn interest at earnings rates that reflect the combination of fixed rates and semi-annual inflation rates. Each May 1 and November 1, Treasury announces a Series I bond earnings rate for bonds issued in the next six months. Although the inflation rate may vary, the fixed rate applies and remains unchanged for the life of the bond.

#### **Series I Bond Fixed Rate**

The Secretary of the Treasury announces a fixed rate each May 1 and November 1 that will apply to all Series I bonds issued during the six-month period following the rate announcement. The fixed rate in effect when a bond is issued remains constant for the bond throughout its 30-year life. For example, a fixed rate announced on November 1, 1998, is the fixed rate for Series I bonds issued in November 1998 through April 1999, and remains the same for the life of those bonds.

#### **Series I Bond Inflation Rate**

A semiannual inflation rate is variable and is derived every six months from the nonseasonally adjusted (nsa) Consumer Price Index for All Urban Consumers ("CPI- U") for all items, including food and energy, published by the Bureau of Labor Statistics for March and for September. The rate reflects the percent change in the CPI-U index over a six-month period ending at least one month prior to publication of the rate announcement. For example, the inflation rate published in the November 1, 2011 announcement reflects the change in the index from its March 2011 level to its September 2011 level. Treasury uses both negative and positive changes in the CPI-U. If, during periods of deflation, the CPI- U index decreases enough to cause a negative earnings rate, the value of the Series I bond will remain constant until the earnings rate again produces an increase in the bond's value.

Original and Final Maturities of Bonds		
Issue Date	Original Maturity	Final Maturity
<b>Series EE Bonds</b>		
Jun 2003 - Present	20 years	30 years
May 1995 - May 2003	17 years	30 years
Mar 1993 - Apr 1995	18 years	30 years
Nov 1986 - Feb 1993	12 years	30 years
Nov 1982 - Oct 1986	10 years	30 years
May 1981 - Oct 1982	8 years	30 years
Nov 1980 - Apr 1981	9 years	30 years
Jan 1980 - Oct 1980	11 years	30 years
<b>Series I Bonds</b>		
Sep 1998 - Present	20 years	30 years
<b>Series E Bonds</b>		
Dec 1973 - Jun 1980	5 years	30 years
Jun 1969 - Nov 1973	5 years, 10 months	30 years
Dec 1965 - May 1969	7 years	30 years
Jun 1959 - Nov 1965	7 years, 9 months	40 years
Feb 1957 - May 1959	8 years, 11 months	40 years
May 1952 - Jan 1957	9 years, 8 months	40 years
May 1941 - Apr 1952	10 years	40 years
<b>Savings Notes</b>		
May 1967 - Oct 1970	4 years, 6 months	30 years
<b>Series HH Bonds</b>		
Jan 1980 - Aug 2004	10 years	20 years
<b>Series H Bonds</b>		
Feb 1957 - Dec 1979	10 years	30 years
Jun 1952 - Jan 1957	9 years, 8 months	29 years, 8 months

## F. Income Tax Reporting

### Series E/EE and I Bonds and Savings Notes

Interest earned is exempt from state and local income taxes. The difference between the purchase price and the redemption value is interest. The owner can defer federal income tax until redemption, a taxable reissue (a taxable ownership change), or final maturity, whichever happens first. This means the owner can plan ahead and choose when might be the best time to realize the interest income for tax purposes. There are also special tax benefits available to those who purchase bonds for education. See IRS Publication 970 "Tax Benefits For Education."

For federal income tax purposes, bond owners can report interest annually as it accrues or they can defer interest reporting. If interest is reported annually, or as the result of a taxable reissue transaction, advise owners to keep tax payment records. When bonds are cashed, an Internal Revenue Service (IRS) form 1099-INT will be issued for the full amount of interest, and owners will need records as proof of prior reporting to the IRS.

When reporting Series I bond interest, no distinction is made between interest earned from a fixed rate and that from an inflation rate.



For additional instructions, see "Interest Reporting" in Chapter 3.



If interest is reported annually, advise owners to keep tax payment records.



## Series HH Bonds

Bond owners who exchanged Series E/EE bonds or savings notes for Series HH bonds (before September 2004) could defer the tax liability on the E/EE bond interest accrued and at the same time receive income every six months. Bond owners could defer the original tax liability up to 20 years, the total life of the HH bond, at which time it will be reported to the IRS. The bond owner/taxpayer cashing the bond reports the interest ("amount deferred") when filing his/her federal income tax return for the year in which the bond (1) is cashed, (2) reaches final maturity (stops earning interest), or (3) is disposed of in some other way (reissued to another eligible person during the bond owner's lifetime), whichever event occurs first.

Interest earned on Series HH bonds, like that on Series E/EE bonds, is exempt from state and local income taxes. However, the semiannual interest payments represent current income and must be reported to the IRS for the year in which they are received.

## Education Savings Options

### Option 1 - Interest Exclusion from Taxes

Under 26 U.S. Code 135, the interest on Series EE savings bonds purchased January 1990 and after and Series I savings bonds may be tax-exempt when used to (1) pay tuition and fees at qualified educational institutions or (2) make contributions to a qualified state tuition program (beginning with the 1998 tax year), provided the bond owners meet certain income and registration requirements. Details can be found in IRS Publication 970 "Tax Benefits For Education". Also, see IRS Forms 8815 and 8818. As a paying agent, this does not require you to process any additional forms. For detailed information on record-keeping requirements and other tax information, refer your customers to their IRS District Office or the IRS website at <http://www.irs.gov>. Additional information is available at [http://www.treasurydirect.gov/indiv/planning/plan\\_education.htm](http://www.treasurydirect.gov/indiv/planning/plan_education.htm).

### Option 2 - Other Approaches to Handling Taxes on Bond Interest

Individuals who do not qualify for the interest exclusion mentioned above can still use savings bonds to help with their children's education expenses. Details can be found in IRS Publication 929, "Tax Rules for Children and Dependents." IRS Publication 550 "Investment Income & Expenses" might also be helpful. Both are available through [www.irs.gov](http://www.irs.gov). Interest income on bonds purchased in a child's name alone or with a parent as the beneficiary (not a co-owner) can be included as income for the child each year as it accrues, or deferred until the bonds are redeemed. In either case, the child will be subject to any federal income tax on the interest. Whether annual or deferred reporting is most beneficial will depend on the child's income over the life of the bonds.

### Annual Reporting

A parent may file a federal income tax return in the child's name (the child will need to have a social security number), reporting the total accrued interest on all bonds registered to the child. The intention to report savings bonds interest annually (on an accrual basis), must be noted on the return. The option to report accrued interest income annually applies to all future years. Questions relating to conditions under which this reporting method may be changed should be referred to the IRS.

No tax will be due unless the child has a total income in a single year equal to the threshold that requires a return to be filed, and no further returns need to be filed until that annual income level has been reached. For children under age 18, unearned income (including dividends and interest) over a specified threshold for that age group will be taxed at the parent's rate. If the child is age 18 or older, income will be taxed at the child's rate. The income thresholds are indexed for inflation and are provided in IRS Publication 929.

Under this approach, the tax liability on the bond interest is satisfied on an annual basis; therefore, when the bonds are redeemed, only the current year's accrual will be subject to federal income tax. When bonds are redeemed, all interest earned on the bonds must be reported to the IRS. Advise parents to keep complete records when using this option so they can show the IRS that interest has been previously reported.



Interest income on bonds purchased in a child's name can be reported annually as it accrues or deferred until the bonds are redeemed.



Bond  
Replacement:  
Owner must  
submit form  
PD F 1048.

## G. Replacing a Paper Bond

*Note: Series EE and I paper savings bonds can only be replaced electronically through TreasuryDirect. Customers will need to have or open a TreasuryDirect account to replace the bonds in electronic form. Customers may instead choose to request payment for the lost, stolen, or destroyed bonds if the bonds are at least 12 months old instead of having the bonds replaced electronically.*

Bonds lost, stolen, destroyed, or mutilated will be replaced either by a substitute bond of the same denomination bearing the same issue date, or by payment for the current redemption value (provided the bond is at least 12 months old). Sufficient information and evidence in support of a claim has to be provided by claimants.

Once a bond has been delivered, any subsequent loss, theft, destruction, mutilation, or defacement should be reported to Bureau of the Fiscal Service, P.O. Box 7012, Parkersburg, WV 26106-7012 for Series E, EE, or I bonds, or Bureau of the Fiscal Service, P.O. Box 2186, Parkersburg, WV 26106-2186 for Series H or HH bonds.

The owner should submit a claim on form PD F 1048, which is available from the Minneapolis TRS site or at <http://www.treasurydirect.gov/forms/sav1048.pdf>. The form and any remains of bonds that have been destroyed, mutilated, or defaced should be sent to the address indicated. All pertinent questions should be answered on the form. If a robbery, burglary, or theft is involved, and the bonds total \$5,000 (face amount) or more, the bond owner should furnish a copy of the police report.



A bond for which no claim has been filed within ten years of the recorded date of redemption is presumed to have been properly paid.

Furnishing serial numbers will help facilitate replacement of the bonds. If the owner does not have the serial numbers of the bonds, the following information should be provided:

- The series of the bonds (E, EE, H, HH, I).
- The issue dates of the bonds (month and year of purchase).
- The denominations of the bonds (\$50, \$75, etc.).
- All names, including the middle names or initials shown in the bond registrations.
- All addresses (street name and number, city, state, and zip code) that appear on the bonds.
- The social security numbers of all persons named first in the registration of missing bonds, including minors. If the bonds were purchased as gifts and the social security number of the purchaser was used in the bond registrations, that number should be provided if possible.
- The date of the theft or loss, or the circumstances leading to the bond's defacement, mutilation, or destruction.
- The serial number of any bonds still in the owner's possession.

If Fiscal Service can determine that the bonds in question are still outstanding (i.e., unredeemed), replacement bonds or, if missing bonds are at least 12 months old, a payment for their current redemption value will be issued in accordance with the owner's application.

If the records show that the bonds have been redeemed, the claim usually will be denied unless someone other than the owner or co-owner has cashed the bonds. In such cases, an investigation of the payment may be appropriate. However, a bond for which no claim has been filed within ten years of the recorded date of redemption is presumed to have been properly paid.

If a lost bond is found after a replacement bond or a payment of its redemption value has been issued, the owner must immediately return the original bond with an explanation to Fiscal Service.

## H. Record Retention

When paper savings bonds were still sold over-the-counter, purchase applications should have been retained for four months from the time of purchase.



## I. Claims for Nonreceipt of Bonds

- The Minneapolis TRS site will complete the nonreceipt claim form PD F 3062 and send it to the customer for signature(s). This will provide a complete description of the bond(s), including serial number(s). The customer should complete Part II and, if appropriate, Parts III and IV. Upon receipt of the signed claim form from the customer, the Minneapolis TRS site will replace the bond.
- If the original bond is older than 12 months from date of issue, the customer must write to the Bureau of the Fiscal Service for replacement of the bond. The customer should follow the same procedures as if the bond was lost after receipt. The customer should complete and mail a form PD F 1048 rather than a form PD F 3062.

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## III. Reissue Transactions

*Note: Series EE and I paper savings bonds can only be reissued electronically through TreasuryDirect. Customers will need to have or open a TreasuryDirect account to reissue the bonds in electronic form. HH savings bonds can only be reissued in paper form.*



See Chapter 1 and Appendixes C and D for more information.

### A. Requests for Reissue

- A reissue is used to change the registration of a bond. The newly reissued bond will bear the same issue date and will be of the same series as the original.
- Bonds may not be reissued to:
  - Change an address. For Series HH bonds, the owner should update the Treasury's records by completing form PD F 1980.
  - Change the financial institution for depositing Series HH interest payments. The owner must complete form PD F 5396 to make this change.
  - Change the spelling of the "mail-to" name.
  - Correct SSN errors. (Notify the Treasury in writing to update its records.)
  - Change denominations only.
- Bonds will not be reissued within one month of, or after, final maturity. (A request for reissue of such bonds will, however, be accepted to establish an authorized change in ownership of the bonds for subsequent redemption.) Bonds cannot be reissued if processed by the Minneapolis TRS site less than one full calendar month before final maturity. To ensure reissue, mail bonds to the Minneapolis TRS site so the bonds will arrive no later than two months before final maturity.

### B. Agent Responsibilities

- Establish the correct reissue form to use by referencing the reissue tables and assist the bond owner in completing it, using one form for each different registration requested.
- Ensure that the owner signs each form submitted in the presence of a certifying official, who should sign his or her name, title, and date, and affix the agent identification stamp. This stamp should identify the name of the institution and branch location. Acceptable certifications include the financial institution's official seal or stamp (such as a corporate seal, signature guaranteed stamp, or medallion stamp). Brokers must use a medallion stamp.
- Ensure that proper evidence, if any, is included.
  - Certified letters of appointment (Must not be more than one year old. If the letters of appointment are more than one year old, they must bear full force and effect statement dated no more than one year before transaction is presented.)
  - Certified copy of court evidence (For example, adoption papers and divorce decrees.)
  - Certified copy of death certificate (There is no time limitation on this document.)

### C. Minneapolis TRS Site Responsibilities

- The Minneapolis TRS site bond examiners evaluate transactions to ensure that the bonds, the reissue request, and required evidence are current and in proper form. If all paperwork is in order, the reissue transaction will be completed within 15 business days. The new bonds will be delivered as requested.
  - In some cases, the Minneapolis TRS site is required to forward transactions to Fiscal Service for processing. In these cases, the Minneapolis TRS site will notify the bond owner.
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## IV. Paying Bonds

 See Chapters 3 and 4, and Appendix D for more information.

### A. General Information

- When a bond is presented for redemption:
  - Ensure that the bond is at least 12 months old and examine the bond for alterations, erasures, and invalid or incorrect bond registrations.
  - Establish evidence requirements based on bond registration and the individual requesting payment.
  - Ensure proper identity using *The Guide to Cashing Savings Bonds* (PD P 0022) to avoid any potential loss as a result of the fraudulent payment of bonds.
  - Obtain the signature of the person requesting payment and notate the ID and evidence on the back of the bond.
  - If the SSN of the payee differs from the one shown on the bond, write the correct SSN on the back of the bond.
  - If payment is to be made by the Minneapolis TRS site, you should ask the presenter to sign the bonds and then certify the signature on the back of each bond. Acceptable certifications include the financial institution's official seal or stamp (such as a corporate seal, signature guaranteed stamp, or medallion stamp). Brokers must use a medallion stamp.
  - If you pay a bond, you will provide IRS form 1099-INT to the payee. If the Minneapolis TRS site redeems the bond, they will provide IRS form 1099-INT to the payee. All interest from savings bonds and notes is reported as one amount on the IRS form 1099-INT.

Free software is available to agents from Treasury for use in determining the redemption values of bonds. The redemption value reflects any penalty due to an early redemption. (Series EE bonds issued May 1997 or later and Series I bonds are subject to a penalty equal to the most recent three months of interest if they are cashed in the first five years from the issue date.)

### B. Bonds That You Can Pay

- You can pay Series E/EE and I bonds and savings notes that are at least 12 months old and presented by an owner or co-owner.
- You can pay Series A, B, C, and D savings bonds. Because these bonds have matured, the redemption value is the face amount printed on the bond.
- You can pay savings stamps for the face amount.
- You can pay a beneficiary who provides a certified copy of the owner's death certificate.
- You can pay a fiduciary handling a decedent's estate who provides a certified copy of the letters of appointment. The letters of appointment must not be dated more than one year prior to the date the bonds are presented for payment. If the letters of appointment are more than one year old, they must bear a full force and effect statement dated no more than one year before the transaction is presented. If the bonds are in co-owner or beneficiary form of registration, the fiduciary must provide certified copies of the death certificates of both parties. The fiduciary must also supply the TIN of the estate or SSN of the last decedent. A fiduciary handling a decedent's estate cannot redeem a bond unless all parties named on the bond are deceased.
- You can pay a fiduciary whose name and title are shown in the bonds' registrations.

- Identification requirements include:
  - Customer Identification — no limit
  - Personal Identification — no limit
  - Documentary Identification [not a customer or personal identification] — \$1,000 limit per transaction.
  - See *The Guide to Cashing Savings Bonds* (PD P 0022) for details.
- Paid bonds are submitted to the Federal Reserve Bank of Atlanta for image-based check processing or paper processing. Refer to Chapter 4 for details..

### **C. Bonds That You Cannot Pay**

- Series F, G, H/HH, J, and K savings bonds.
- Series E/EE and I bonds or savings notes with registrations other than individuals in their own right. *See exceptions noted in “B. Bonds That You Can Pay”.*
- Series EE and I bonds that are less than 12 months old.
- Bonds presented by an attorney-in-fact (power of attorney).
- Bonds issued in the name of a corporation, partnership, association, or any other type of company or institution.
- Bonds that are mutilated, altered, defaced, or irregular in any way.
- Partial redemption transactions must be forwarded to the Minneapolis TRS site for processing. Indicate the amount the bond owner wishes to redeem and the remainder to be reissued.

### **D. Preparing Bonds to Be Paid by Fiscal Service or the Minneapolis TRS Site**

- Before submitting bonds, ensure that:
  - The “Request for Payment” section has been properly completed.
  - The bonds are certified with an officer’s (or authorized employee) signature, title, date, and paying agent seal or medallion.
  - Notations of how identification was established should be made on the back of the bond.
  - The proper evidence has been obtained.
- Forward the bonds and documents for processing. The transaction will be processed within ten business days from the date the transaction is approved for payment.

### **E. The Guide to Cashing Savings Bonds (PD P 0022)**

- The guide provides simplified redemption instructions for tellers.
- The guide can be downloaded at <http://www.treasurydirect.gov/forms/sav0022.pdf>.
- You may also order hard copies of the guide by contacting the Minneapolis TRS site.