

# Treasury Retail Securities

Federal Reserve Bank of Minneapolis  
Fiscal Agent of the United States

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December 2007

Dear Payroll Savings Bond Program Administrator:

Enclosed you will find a press release from the U.S. Treasury announcing that the annual purchase limit for United States Savings Bonds will be set at \$5,000 per social security number (SSN) for bonds with January 2008 and later issue dates. The limit applies separately to Series EE and Series I savings bonds and to bonds issued in paper or electronic form in any calendar year. For additional information, please review the enclosed press release and list of questions and answers. Please share this information with your employees who purchase savings bonds through payroll deduction.

Applicable forms will be revised to reflect this change. In the meantime, please continue to use the current forms. If you submit orders electronically, you may also continue to use your current software.

For additional information about the change in the annual savings bond purchase limit, please visit [www.treasurydirect.gov](http://www.treasurydirect.gov).

Sincerely,



Barbara J. Pfeffer  
Assistant Vice President  
Treasury Retail Securities Site  
Federal Reserve Bank of Minneapolis

Enclosures:

1. Press Release
2. Questions and Answers List

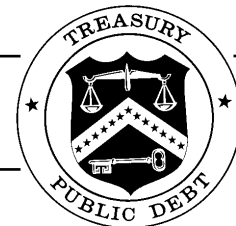
For information about Treasury Retail Securities, go to:  
[www.treasurydirect.gov](http://www.treasurydirect.gov)

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# PUBLIC DEBT NEWS

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Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239



FOR IMMEDIATE RELEASE

December 3, 2007

## **ANNUAL PURCHASE LIMIT FOR SAVINGS BONDS SET AT \$5,000**

The annual limitation on purchases of United States Savings Bonds will be set at \$5,000 per Social Security Number, effective January 1, 2008. The limit applies separately to Series EE and Series I savings bonds, and separately to bonds issued in paper or electronic form. Under the new rules, an individual can buy a maximum of \$5,000 worth of electronic and paper bonds of each series in a single calendar year, or a total of \$20,000, in single ownership form. If paper bonds are issued in co-ownership form, the limit applies to the first-named co-owner. All limits are based on the issue price of the securities.

The reduction from the \$30,000 annual limit in effect for both series since 2003 was made to refocus the savings bond program on its original purpose of making these non-marketable Treasury securities available to individuals with relatively small sums to invest. Approximately 98 percent of all annual purchases of savings bonds by individuals are for \$5,000 or less. The minimum purchase price for Series EE bonds is \$25, whether purchased electronically or in paper form; the I bond minimum purchase is \$25 for bonds issued in electronic form and \$50 for those in paper form.

Savings bond purchases have been subject to an annual limit since Series E Bonds were first issued in 1941. Over the years, limits have been adjusted by the Treasury Department several times and have ranged from a low of \$3,750 (at issue price) for Series E bonds from 1941 through 1947 to the \$30,000 (issue price) limit that most recently applied to both Series EE and Series I bonds. The limit was last set at \$5,000 (issue price) in 1973.

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[www.treasurydirect.gov](http://www.treasurydirect.gov)

## **Q & As Concerning the Change in the Annual Purchase Limit for Savings Bonds**

### **Q. What is the annual purchase limit for U.S. Savings Bonds?**

- A.** Effective January 1, 2008, the annual (calendar year) purchase limit applying to Series EE and Series I savings bonds is \$5,000, issue price, for each series. The limit is applied per Social Security Number (SSN) or Taxpayer Identification Number (TIN). Individuals or entities may purchase up to \$5,000 worth of each series in paper form. In addition, individuals can buy up to the same amount of each series in TreasuryDirect online accounts, or a total of \$20,000 (issue price) in single ownership form per calendar year.

### **Q. Why is there a purchase limit on savings bonds?**

- A.** The purpose of the savings bonds program is to provide individuals with a way to save or invest relatively small amounts of money in non-marketable Treasury securities. Individuals with saving or investment needs in excess of the savings bond purchase limit who desire the safety and stability of Treasury securities may purchase marketable Treasury securities (bills, notes, bonds and inflation-protected TIPS), which are currently available through TreasuryDirect (and from securities dealers and brokers) in \$1,000 increments. Because there are significant differences in the ways non-marketable and marketable securities earn interest, are purchased and redeemed, etc., savers and investors should carefully compare the terms of the securities, and their personal investment needs, prior to purchase.

### **Q. How does the limit apply to bonds held in co-ownership form?**

- A.** The limit applies to the SSN of the first-named registrant of a savings bond. This registrant is considered the primary owner of the bond, whether it is issued in paper or electronic form. The second-named registrant may purchase additional securities, up to the annual limit, if that registrant is the primary owner of the additional bonds.

### **Q. Is the purchase limit cumulative?**

- A.** No. The limit applies only to bonds purchased in a single calendar year. There is no limit on the total value of savings bonds that can be held by an individual or entity.

**Q. I'm buying bonds for myself and my children through my TreasuryDirect account. How does the limit apply to these purchases?**

A. You can buy up to \$5,000 each year of Series EE and I bonds in TreasuryDirect on which you are the primary owner, plus up to the limit of each series in the name of each child for whom you've established a linked account in the child's name as primary owner. Minor linked accounts are sub-accounts of your own master account, but do not provide you with ownership rights to securities held in the linked sub-accounts. More information on linked accounts can be found at [www.treasurydirect.gov](http://www.treasurydirect.gov).

**Q. Do bonds I've bought as gifts through TreasuryDirect but have not yet delivered to the gift recipient apply against my annual limit?**

A. No. Gift bonds are purchased in the name and SSN of the gift recipient. They do not count against your annual limit even if you have purchased them through your TreasuryDirect account but have not yet delivered them. Gift purchases in TreasuryDirect count toward the annual limit of the recipient in the year they are delivered.

**Q. I'm having more than \$5,000 a year taken out of my pay to purchase savings bonds. How will this change affect my payroll savings deductions?**

A. You will need to adjust your payroll deductions downward to a level that does not exceed \$5,000 per series in a single calendar year.

**Q. Can I still purchase a \$10,000 Series EE bond?**

A. Yes. Because paper Series EE bonds are bought at half of face value, the \$10,000 denomination (cost price, \$5,000) can still be purchased. However, because of the change in limit, the \$10,000 denomination paper Series I bond is no longer available for purchase after December 31, 2007.

**Q. Does the change in annual limit restrict my ability to convert my paper bonds to TreasuryDirect?**

A. No. There is no limit on how many previously-issued paper bonds can be converted to electronic securities in your TreasuryDirect account in a single year.

**Q. Where can I purchase savings bonds?**

- A.** Series EE and Series I savings bonds can be purchased in paper form through most financial institutions and through employers offering a payroll savings plan. Bonds can also be purchased directly from the Treasury Department by opening a TreasuryDirect account. For more information on savings bonds and how to open a TreasuryDirect account, please visit our website, [www.treasurydirect.gov](http://www.treasurydirect.gov).

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