

# Savings Bond Resource Guide

*For definitive (paper) savings bonds*

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**Federal Reserve Bank  
Treasury Retail Securities Site**

Minneapolis, Minnesota

# Preface

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This publication is a reference guide for employees of financial institutions who handle paper savings bond transactions or answer related questions. This guide covers questions and provides instructions for handling most paper bond transactions. In addition, a quick reference guide and a sample outline for in-house training are provided as appendices.

This resource guide is not a substitute for official U.S. Treasury regulations or instructions to agents. A list of relevant Treasury Circulars, available online at <http://www.treasurydirect.gov>, is provided as an appendix.

References to specific interest rates, yields, and Tables of Redemption Values are not included in this guide but are available online at <http://www.treasurydirect.gov>. There are also programs available for bond owners and agents to assist in pricing and keeping an inventory of savings bonds. These programs include Savings Bond Pro® for agents and the Savings Bond Calculator and Savings Bond Wizard for bond owners. The *Tables of Redemption Values* (FS Form 3600) are available online at <http://www.treasurydirect.gov> for those who do not have access to electronic pricing.

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# Reissue Transactions

In certain authorized cases bond owners may need to reissue paper savings bonds to change the names or forms of registration. Bonds reissued with new registrations have the same issue dates as the originals.

*Note: While Series HH bonds are still reissued in paper form, Series EE and I bonds are reissued in electronic form and held in TreasuryDirect®*

When a bond owner wants to change the name or registration on a bond, the bonds do not need to be redeemed, but should be sent to Treasury Retail Securities for reissue. Although the TRS site will process the transaction, you can help bond owners properly complete the appropriate reissue form in its entirety to ensure timely processing.

Reissue transactions require proper certification, or guarantee, of bond owner signatures. You should be sure to guarantee or certify signatures using a legible bank stamp, paying agent stamp, a Medallion program stamp, or another authorized validating stamp or seal. Certification must include the officer's signature, title, and date. Reissue forms submitted with notary certification may be returned for proper certification.

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## Reissue Transaction Issues



Bonds should not be reissued to change the owner's address.

### Change of Address

Bonds should not be reissued to change the owner's address. To advise the Treasury Department of an address change for 1099-INT statements on Series HH bonds, bond owners should complete FS Form 1980 or FS Form 5257 and send it to the address indicated on the form. To advise the Treasury Department of a change in direct deposit interest payment information for Series HH bonds, bond owners should complete FS Form 5396 and send it to Treasury Retail Securities. Series HH bond owners can also call 844-284-2676 and speak with a customer service representative from 8 a.m. to 6 p.m. ET, Monday through Friday, excluding holidays.

### Change of Denomination

Bonds should not be reissued for the sole purpose of changing denominations. Series HH bond denominations can be changed, however, if the bonds are being reissued for authorized reasons. In the case of lower denominations being replaced by a bond of a higher denomination, all of the original bonds must bear the same issue date. When paper Series EE and I bonds are converted to electronic holdings through TreasuryDirect, the account holder can redeem a bond for all or part of its value as long as any remaining value is \$25 or greater. Electronic bonds in a TreasuryDirect account can be in \$25 or greater amounts. This might help eliminate the need to reissue bonds into specific denominations.

### Bonds Close to Final Maturity

Bonds cannot be reissued if received by Treasury Retail Securities less than one full calendar month before final maturity. To ensure reissue, mail bonds to Treasury Retail Securities so that the bonds will arrive no later than two months before final maturity.



A parent may request reissue on the minor's behalf, but only in cases where the minor is to be made the sole owner of the bond.

### Bonds Registered to the Department of Treasury or the United States

Bonds that name the Department of the Treasury or the United States as co-owner cannot be reissued. The Department of the Treasury or the United States cannot be named as a co-owner or beneficiary on electronic savings bonds purchased through TreasuryDirect.

### Transactions Involving Minors

Reissue requests bearing the certified signature of a minor will be accepted as sufficient proof of the minor's competency and understanding. If you do **not** consider the minor to be of sufficient competency to sign the request and to understand the nature of the transaction, a parent may request reissue on the minor's behalf, but only in cases where the minor is to be made the sole owner of the bond.

### Series HH Bond Transactions

If the name of the owner or principal co-owner on the original bond is different from the name on the reissued bonds, the new owner or the new principal co-owner must certify to the correctness of his or her social security number and to the fact that he or she is not subject to backup withholding. If the form used to request reissue does not bear this preprinted certification statement, the new owner (individual or fiduciary) or new principal co-owner must complete and sign Internal Revenue Service (IRS) form W-9. The fiduciary should complete and sign the form when an employer identification number, e.g., 12-3456789, assigned by the IRS to the trust or other estate, is to be shown on Series HH bonds.

Owners of Series HH bonds issued in October 1989 through August 2004 were required to receive interest payments via direct deposit Automated Clearing House (ACH) payment. This continues to be the case for any HH bond that is less than 20 years old and still earning interest. Any request to reissue a Series HH bond must be accompanied by FS Form 5396 to authorize continued direct deposit of interest payments.

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## Tax Consequences of Reissue Transactions



If a living owner, principal co-owner, surviving beneficiary, or other person entitled will not be the owner or the co-owner of the reissued bonds, the reissue transaction is considered a taxable event.

In most reissue transactions involving bonds in co-ownership form, one of the co-owners is the “principal co-owner” for federal income tax purposes and may be identified as such on the reissue request form. 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 reissued the bonds in co-ownership form, provided the principal co-owner received no contribution in any manner from the other co-owner for being so designated.

The interest reporting requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) apply to reissue transactions that are considered “taxable events.” If a living owner, principal co-owner, surviving beneficiary, or other person entitled will not be the owner or the principal co-owner of the reissued bonds, the reissue transaction is considered a taxable event—that is, a taxable ownership change. The interest earned or accrued on bonds from the issue date to the date of the reissue transaction must be reported to the IRS for the year in which the transaction occurs. The TRS site will report the amount of accrued interest to the IRS and to the affected bond owner, who will be required to report the interest income for federal income tax purposes.

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## Instructions for Authorized Reissue Transactions

### Use of Fiscal Service Forms

One form may be used for multiple bonds and multiple series if the new bonds will all have the same registration. If more than one registration is requested, submit a separate reissue form for each variation. The signatures of the persons requesting the reissue must be certified on each form submitted. All signatures should be certified by an official of a financial institution under corporate seal, signature guarantee stamp, or paying agent validation stamp. Certification must also include the title of the certifying officer and the date of the certification. Reissue forms submitted with notary certification may be returned for proper certification.

### Court Evidence

Any required court evidence must be certified to be true and correct by the court clerk or other authorized court official. If more than a year has passed after an estate representative’s appointment by the court, evidence of the appointment must not only be certified to be true and correct, but must also bear the court clerk’s or court official’s statement that the appointment is still in full force and effect. This statement must be signed and dated within 12 months of the transaction.

### Where to Send Forms, Bonds, and Supporting Documents

The bonds should not be endorsed in any way. Use the “Forwarding Addresses” chart below to determine where to send the savings bonds being reissued and the properly completed and certified forms and other supporting documents. Keep a record of the serial numbers of the bonds submitted to they can be replaced if lost in transit.

### Forwarding Addresses

*For Series E, EE, and I Bonds:*

PO Box 0214  
Minneapolis, MN 55480-0214

1-844-284-2676

*For Series H/HH Bonds:*

PO Box 2186  
Minneapolis, MN 55480-2186

### **Table of Authorized Reissue Transactions (Series EE, I, and HH bonds)**

This section summarizes authorized reissue transactions that occur most frequently and identifies the required Treasury form(s) and supporting documents. Consult Treasury Retail Securities regarding situations not covered in the table.

Determine how the bonds are currently registered. If the bond is registered in one name (single ownership), see Section A of the table; in co-owner form, see Section B; in beneficiary form, see Section C. Once you have located the appropriate section, review the first column, "Reason for Reissue," to find the relevant reissue transaction. Read across the table to determine which forms (column two) and supporting documents (column three) are needed.

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section A**

**Bond Registered in One Name (Single Ownership)  
Example: John R. Doe**

<b>Reason for Reissue</b>	<b>Form Required</b>	<b>Other Documents Required</b>
<b>1. Owner desires:</b>		
(a) To add the name of another person as, for example, beneficiary.	FS Form 4000 – To be signed by the owner.	None.
(b) To name another person as the owner, alone or with another person as, for example, beneficiary. (The new owner must be related to the previous owner by blood, including legal adoption, or marriage.)	FS Form 4000* – To be signed by the owner.	If Series HH bonds are involved, refer to the instructions on FS Form 4000.
(c) To designate a trustee of a personal trust estate.**	FS Form 1851* - To be signed by the owner.	None for FS Form 1851 bearing a 3/86 or later revision date. If Series HH bonds are involved, refer to the instructions on FS Form 1851.
(d) To correct error in registration.	FS Form 4000 - To be signed by the purchaser or the person claiming the error.  Certification must include the officer's signature and title, the date, and a legible bank stamp, paying agent stamp, Medallion program stamp, or another authorized validating stamp or seal.	Depending on the nature of the error, more information may be requested.

*\* This transaction may result in a taxable event.*

**Important Reminder:** Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to Treasury Retail Securities so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)

\*\*Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section A**

**Bond Registered in One Name (Single Ownership)  
*continued***

<b>Reason for Reissue</b>	<b>Form Required</b>	<b>Other Documents Required</b>
<b>2. Owner's name is to be changed (no change in ownership) due to:</b> (a) Marriage (ordinarily reissue for such a change is unnecessary).	FS Form 4000 - Owner must sign both present and former names and complete the statement on the form certifying the manner in which the change occurred.	None.
(b) Divorce or annulment of a marriage.**	FS Form 4000 - Owner must sign both present and former names and complete the statement on the form certifying the manner in which the change occurred.	Depending on the nature of the reissue, more information may be requested.
(c) Order of court.**	FS Form 4000 - Owner must sign both present and former names and complete the statement on the form certifying the manner in which the change occurred.	Depending on the nature of the reissue, more information may be requested.
(d) Remarriage.**	FS Form 4000 - Owner must sign both present and former names and complete the statement on the form certifying the manner in which the change occurred.	Depending on the nature of the reissue, more information may be requested.

*\* This transaction may result in a taxable event.*

**Important Reminder:** Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to Treasury Retail Securities so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)

\*\*Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section A**

**Bond Registered in One Name (Single Ownership)  
*continued***

Reason for Reissue	Form Required	Other Documents Required
<p><b>3. Deceased owner's bonds to be distributed to person(s) entitled:</b></p>		
<p>(a) Estate of deceased owner is being administered through court proceedings, with a representative appointed by the court.</p>	<p>FS Form 1455 - To be signed by representative to request distribution to the person entitled.</p> <p>Also FS Form 4000 signed by the person entitled if another person is to be named as, for example, beneficiary.</p>	<p>Certified copy of the representative's letters of appointment or court certificate for the deceased owner's estate. Court evidence must be dated and shown to be in full force and effect within one year or less of receipt of the transaction. If Series HH bonds are involved, refer to the instructions on the forms. Death certificate for decedent named on the bond certified by the Registrar of Vital Statistics, or similar official.</p>
<p>(b) After settlement of estate through court proceedings.</p>	<p>FS Form 5394 - Follow instructions on form; it is to be signed by the persons entitled to the estate.</p>	<p>After settlement of estate through court proceedings, request a certified copy of the Decree of Distribution or Final Account for the estate of the decedent; and, death certificate for decedent named on the bonds certified by the Registrar of Vital Statistics, or similar official. If Series HH bonds are involved, refer to the instructions on FS Form 5394.</p>
<p>(c) After settlement of estate in accordance with state statute, for example, summary administration; or, small estate affidavit.**</p>	<p>FS Form 5394 - Follow instructions on form; it is to be signed by the persons entitled to the estate.</p>	<p>Estate settled by summary administration, request a certified copy of the order of summary administration or small estate affidavit signed in accordance with State law, and death certificate for decedent named on the bond certified by the Registrar of Vital Statistics, or similar official. If Series HH bonds are involved, refer to the instructions on FS Form 5394.</p>
<p>(d) Estate being settled without administration through court or similar proceedings.*</p>	<p>FS Form 5336 – Follow instructions on form; it is to be signed by the person acting as voluntary representative.</p>	<p>Death certificate for decedent named on bond, certified by the Registrar of Vital Statistics, or similar official.</p>

*\* If redemption value of bonds in a decedent's estate totals more than \$100,000 as of the decedent's date of death, administration in court is required.*

**Important Reminder:** Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to Treasury Retail Securities so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)

\*\*Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section B**

**Bond Registered in Co-ownership Form  
Example: John R. Doe  
OR  
Sallie Doe**

Reason for Reissue	Form Required	Other Documents Required
<b>1. Co-owners (both living) desire that bonds be reissued to:</b>		
(a) Name either co-owner alone or with a new person as, for example, beneficiary.	FS Form 4000* - Original co-owners must be related by blood (including legal adoption) or marriage; both co-owners must sign if new person is to be named. Only the co-owner whose name is being eliminated need sign if no new person is to be named.	If Series HH bonds are involved, refer to the instructions on FS Form 4000.
(b) Name a third person alone or with another person as, for example, beneficiary.	FS Form 4000* - New owner must be related to either original co-owner by blood (including legal adoption) or marriage; both original co-owners must sign. If one of the original co-owners is to remain on the bond, he or she must be the first-named.	If Series HH bonds are involved, refer to the instructions on FS Form 4000.
(c) Designate a trustee of a personal trust estate.**	FS Form 1851* - To be signed by both living co-owners. Transaction could be a taxable event and subject to interest reporting unless co-owners are also grantors.	None for FS Form 1851 bearing a 3/86 or later revision date. If Series HH bonds are involved, refer to the instructions on FS Form 1851.
(d) Correct an error in registration.	FS Form 4000 - To be signed by the purchaser or the person claiming the error.  Certification must include the officer's signature and title, the date, and a legible bank stamp, paying agent stamp, Medallion program stamp, or another authorized validating stamp or seal.	Depending on the nature of the reissue, more information may be requested.

*\* This transaction may result in a taxable event.*

**Important Reminder:** Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to Treasury Retail Securities so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)

\*\*Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section B**

**Bond Registered in Co-ownership Form  
*continued***

Reason for Reissue	Form Required	Other Documents Required
<b>2. Divorce, legal separation, or annulment. Reissue may be made in the name of:</b>		
(a) One of the co-owners alone.	FS Form 4000* - To be signed by the owner whose name is being eliminated.	None. If Series HH bonds are involved, refer to the instructions on FS Form 4000.
(b) One of the co-owners with another person as, for example, beneficiary.	FS Form 4000* - To be signed by both the co-owners named on the original bond.	None. If Series HH bonds are involved, refer to the instructions on FS Form 4000.
(c) Another person as the owner.	FS Form 4000* - To be signed by both co-owners named on the original bond.	None.
<b>3. Co-owner's name is changed (no change in ownership) due to:</b>		
(a) Marriage (ordinarily reissue for such a change is unnecessary).	FS Form 4000 - Person whose name changed to sign both present and former names and to complete statement of form certifying manner in which change occurred.	None.
(b) Divorce or annulment.**	FS Form 4000 - Person whose name changed to sign both present and former names and to complete statement on form certifying manner in which change occurred.	Depending on the nature of the reissue, more information may be requested.
(c) Order of court.**	FS Form 4000 - Person whose name changed to sign both present and former names and to complete statement on form certifying manner in which change occurred.	Depending on the nature of the reissue, more information may be requested.
(d) Remarriage.**	FS Form 4000 - Person whose name changed to sign both present and former names and to complete statement on form certifying manner in which change occurred.	Depending on the nature of the reissue, more information may be requested.
<b>4. Deceased co-owner; the survivor desires a reissue in his or her name alone or with another person as, for example, beneficiary.</b>	FS Form 4000 - To be signed by survivor.	Copy of the death certificate of the deceased, certified by the Registrar of Vital Statistics or similar official.

*\* This transaction may result in a taxable event.*

**Important Reminder:** Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to Treasury Retail Securities so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)

\*\*Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section B**

**Bond Registered in Co-ownership Form  
*continued***

Reason for Reissue	Form Required	Other Documents Required
<b>5. Deceased co-owners and:</b>		
(a) The estate of the last-deceased co-owner administered through court proceedings, with a representative appointed by the court.	FS Form 1455 - To be signed by the representative to request distribution to the person entitled.  Also FS Form 4000 signed by the person entitled if another person, such as a beneficiary, is to be added.	Certified copy of the representative's letters of appointment or court certificate on last-deceased co-owner's estate. Court evidence of appointment must be dated and shown to be in full force and effect within one year or less of receipt of the transaction. If Series HH bonds are involved, refer to the instructions on the forms. Death certificates for both decedents named on the bond certified by the Registrar of Vital Statistics, or similar official.
(b) After settlement of estate of the last-deceased co-owner through court proceedings.	FS Form 5394 - Follow instructions on form; it is to be signed by persons entitled to estate of the last-deceased co-owner.	After settlement of estate through court proceedings, request certified copy of Decree of Distribution or Final Account for estate of the last-deceased registrant; and, death certificates for both decedents named on bonds certified by Registrar of Vital Statistics, or similar official. If Series HH bonds are involved, refer to the instructions on FS Form 5394.
(c) After settlement of estate of the last-deceased co-owner in accordance with state statute, for example, summary administration or small estate affidavit.**	FS Form 5394 - Follow instructions on form; it is to be signed by persons entitled to estate of the last-deceased co-owner.	Estate settled by summary administration; request a certified copy of the order of summary administration; or, Small estate affidavit signed in accordance with State law; and, death certificates for both decedents named on the bonds certified by the Registrar of Vital Statistics, or similar official. If Series HH bonds are involved, refer to the instructions on FS Form 5394.
(d) Estate of last-deceased co-owner is being settled without administration through court or similar proceedings.*	FS Form 5336 - Follow instructions on form; it is to be signed by the person acting as voluntary representative.	Death certificates for both settled decedents named on the bonds certified by the Registrar of Vital Statistics, or similar official.

*\* If redemption value of bonds in a decedent's estate totals more than \$100,000 as of the decedent's date of death, administration in court is required.*

**Important Reminder:** Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to Treasury Retail Securities so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)

\*\*Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section C**

**Bond Registered in Beneficiary Form  
Example: John R. Doe  
POD (Payable on Death)  
Bill Doe**

Reason for Reissue	Form Required	Other Documents Required
<b>1. Owner desires to:</b>		
(a) Change beneficiary to owner.	FS Form 4000 - To be signed by owner.	None.
(b) Eliminate living beneficiary or substitute the name of another person as, for example, beneficiary, during the current beneficiary's lifetime.	FS Form 4000 - To be signed by owner.	None.
(c) Eliminate a deceased beneficiary, with bond to be reissued in owner's name alone or with a new beneficiary.	FS Form 4000 - To be signed by owner.	None.
(d) Name trustee of personal trust estate.**	FS Form 1851* - To be signed by owner.	None for FS Form 1851 bearing a 3/86 or later revision date. If Series HH bonds are involved, refer to the instructions on FS Form 1851.
(e) Correct an error in registration.	FS Form 4000 - To be signed by the purchaser or person claiming the error.  Certification must include the officer's signature and title, the date, and a legible bank stamp, paying agent stamp, Medallion program stamp, or another authorized validating stamp or seal.	Depending on the nature of the reissue, more information may be requested.
* <i>This transaction may result in a taxable event.</i>		
<b>Important Reminder:</b> Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to the TRS site so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)		
**Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.		

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section C**

**Bond Registered in Beneficiary Form  
*continued***

Reason for Reissue	Form Required	Other Documents Required
<b>2. Name but not ownership has been changed due to:</b>		
(a) Marriage (ordinarily reissue for such a change is unnecessary).	FS Form 4000 - Person whose name has changed must sign both present and former names in the space designated for that purpose. (For Series EE, HH, and I bonds, the owner may sign alone to change the	None.
(b) Divorce or annulment.**	FS Form 4000 - Person whose name has changed must sign both present and former names and complete the statement on the form certifying the manner in which the change occurred.	Depending on the nature of the reissue, more information may be requested.
(c) Order of court.**	FS Form 4000 - Person whose name has changed must sign both present and former names and complete the statement on the form certifying the manner in which the change occurred.	Depending on the nature of the reissue, more information may be requested.
(d) Remarriage.**	FS Form 4000 - Person whose name has changed must sign both present and former names and complete the statement on the form certifying the manner in which the change occurred.	Depending on the nature of the reissue, more information may be requested.

**Important Reminder:** Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to Treasury Retail Securities so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)

\*\*Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.

**Table of Authorized Reissue Transactions for Paper Series EE, I, and HH Bonds  
Section C**

**Bond Registered in Beneficiary Form  
*continued***

<b>Reason for Reissue</b>	<b>Form Required</b>	<b>Other Documents Required</b>
<b>3. At owner's death, beneficiary desires reissue in his or her name, alone or with another person as, for example, beneficiary.</b>	FS Form 4000 - To be signed by the beneficiary.	Copy of the death certificate for the owner, certified by the Registrar of Vital Statistics or similar official.
<b>4. Owner and beneficiary deceased:</b>		
(a) The estate of the last-deceased person named on the bonds being administered through court proceedings; the representative is appointed by the court.	FS Form 1455 - To be signed by representative to request distribution to the person entitled.  Also FS Form 4000 signed by the person entitled if another person is to be added as, for example, beneficiary.	Certified copy of the representative's letters of appointment or a court certificate on the last-deceased registrant's estate. Court evidence of appointment must be dated and shown to be in full force and effect within one year or less of receipt of the transaction. If Series HH bonds are involved, refer to the instructions on the form. Death certificates for both decedents named on the bonds certified by the Registrar of Vital Statistics, or similar official.
(b) After Settlement of estate of last-deceased bond registrant through court proceedings.	FS Form 5394 - Follow instructions on form; it is to be signed by the persons entitled to the estate.	After settlement of estate through court proceedings, request a certified copy of the Decree of Distribution or Final Account for the estate of the last-deceased; and, death certificates for both decedents named on bonds certified by the Registrar of Vital Statistics, or similar official. If Series HH bonds are involved, refer to the instructions on FS Form 5394.
(c) After settlement of estate of last deceased registrant in accordance with State statute, for example, summary administration or small estate affidavit.**	FS Form 5394 - Follow instructions on form; it is to be signed by the persons entitled to the estate.	Estate settled by summary administration; request a certified copy of the order of summary administration; or, Small estate affidavit signed in accordance with State law; and, death certificates for decedents named on the bonds certified by the Registrar of Vital Statistics, or similar official. If Series HH bonds are involved, refer to the instructions on FS Form 5394.
(d) Estate of last-deceased registrant being settled without administration through court or similar proceedings. * **	FS Form 5336 - Follow instructions on form; it is to be signed by the person acting as voluntary representative.	Death certificates for decedents named on the bonds certified by the Registrar of Vital Statistics, or similar official.

*\* If redemption value of bonds in a decedent's estate totals more than \$100,000 as of the decedent's date of death, administration in court is required.*

**Important Reminder:** Bonds cannot be reissued if less than one full calendar month remains before final maturity. Send bonds to Treasury Retail Securities so that they arrive no later than two months before final maturity. (Bonds that have reached final maturity and all savings notes are not eligible for reissue.)

\*\*Transaction must be sent to Treasury Retail Securities; see Appendix L for mailing information.

## Series HH Bonds

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Offered only through August 2004, Series HH bonds provide semiannual income, and, if issued in an exchange, *continued deferral* (up to 20 additional years) *of reporting interest accrued on older Series E/EE bonds*. This deferred interest must be reported to the Internal Revenue Service whenever the HH bonds:

- Are redeemed.
- Reach final maturity.
- Are reissued in a transaction that is taxable (for example, they are re-registered to a new owner), whichever occurs first.

HH bonds are no longer being issued. The HH bond offering was withdrawn effective September 1, 2004. This means that no HH bond is permitted with an issue date later than August 2004.



*See Chapter 1, Reissue Transactions, for information on Series HH bond reissues.*

*See Chapter 3, Paying Paper Bonds, for information on Series HH bond redemptions.*

# Paying Paper Bonds

Banks and other financial institutions qualified as paying agents for U.S. Savings Bonds are authorized to redeem eligible paper savings bonds of Series A-E, Series EE, Series I bonds, savings stamps, and savings notes presented by owners, co-owners, and other registrants who provide acceptable identification and any additional evidence required.

## Timing the Redemption Transaction



### Alert!

Series EE and I bonds redeemed before five years from their issue date are subject to a three-month interest penalty.

Bond owners who need to redeem a number of bonds at one time sometimes ask whether they should cash their oldest bonds first or their newest. They may find it advisable to cash their newest bonds first because these bonds may not be increasing in value as rapidly as older bonds. However, bonds are not eligible for payment until 12 months after their issue date. Bond owners should redeem bonds that are over 30 years old because they are no longer earning interest.

**Series EE bonds issued in May 1997 or after and all Series I bonds** can be redeemed any time after the first 12 months; however, bonds redeemed before 5 years from their issue date are subject to a 3-month interest penalty. For example, the redemption value of a bond cashed 18 months after the issue date will include the first 15 months of interest (losing the last 3 months of interest as a penalty). After a Series EE or I bond is 5 years old, there is no penalty.

Savings Bond Redemption Tables and a Savings Bond Calculator are available at [www.treasurydirect.gov](http://www.treasurydirect.gov). Series EE and I bond values take the three-month interest penalty into account for bonds held less than five years from the issue date. The redemption tables and calculator are easy ways to determine a paper bond's redemption value and the amount of interest earned. The redemption tables and calculator do not show how much interest is attributable to a particular fixed rate or to an inflation rate.



In most instances, bond owners should redeem bonds on the anniversaries of the issue dates or the midpoint between anniversary dates.

**Series EE bonds issued in April 1997 or before** increase in value every six months, so timing the redemption transaction for these bonds is important. If such a bond increases in value in August and is cashed in July, the presenter will not receive any interest for the five months since the bond's last increase in value, in this example, February. Bond owners should redeem bonds on the anniversaries of the issue dates or the midpoint between anniversary dates. For example, a Series EE bond with an issue date of December 1992 should ideally be cashed on June 1 or December 1 to maximize potential earnings.



*See Appendix B for exceptions.*

When submitting **Series HH bonds** for redemption between semiannual interest payment dates, owners should keep in mind that interest ceases on the last interest payment date. For example, if a bond issued in January 2004, which pays interest each January 1 and July 1, is submitted for payment in September, interest ceases on the last interest payment date, July 1. If owners submit Series HH bonds for redemption in the month before an interest payment date, the bonds will be held until the next month, unless the presenter specifically requests that the bonds are redeemed immediately. The bond owner should clearly communicate this request in writing to Treasury Retail Securities when submitting the bonds.



*See the bond "Redemption Cases Requiring Evidence" Table at the end of this chapter.*

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## Responsibilities of Paying Agents



### Alert!

You may be held liable for bonds you pay. It is imperative that you follow the correct procedures to protect against potential losses.

*You may be held liable for bonds you pay. It is imperative that you follow the correct procedures to protect against potential losses.*

Under the terms of your paying agent agreement, you should redeem eligible bonds when the presenter provides satisfactory identification in accordance with Treasury identification guidelines.

*The Guide to Cashing Savings Bonds* (PD P 0022) explains acceptable types of identification and provides a step-by-step question and answer approach to cashing bonds. The guide is meant to simplify the redemption process for tellers, and eliminate errors that might result in liability findings against their financial institution. To download *The Guide to Cashing Savings Bonds* (PD P 0022), visit <http://www.treasurydirect.gov/forms/sav0022.pdf>, or contact Treasury Retail Securities to order paper copies.

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## Identification Procedures



If you comply with the Identification Guide, you should be able to avoid losses.

If you comply with *The Guide to Cashing Savings Bonds* (PD P 0022), you should be able to avoid losses. The following sections describe examples of inadequate owner identification that can result in financial loss to your institution.

### Customer Identification

Identification through a customer account is adequate if the presenter of the bond (the person requesting payment) is a customer whose name has been on the account for at least six months and whose signature on the “Request for Payment” section compares favorably with the signature you have on file. If the account has been open for less than six months, you should require the person presenting the bond to provide personal or documentary identification. One cause of loss is relying on an account that has been open for less than six months. Another cause of loss is accepting, without verification, a presenter’s statement that he or she has an account at the institution and that the account has been open for at least six months.

Note: There is no limit to the amount you may pay based on this type of identification.

See “Documents for Identification” in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.

### Personal Identification

Identification of the person presenting the bond for payment (presenter) by another person (identifier) is adequate if:

- The identifier is a customer as described above, or is personally very well and reliably known to an officer of your institution.
- In response to questions, you determine that the identifier knows the presenter by the name on the bond and that the source and duration of the acquaintance with the presenter are such as to make the identification unquestionably reliable.
- The identifier signs the back of the bond.

Sometimes investigations show that the identifier did not know the presenter very well or by the name appearing on the bonds presented. There have been instances of merchants identifying “customers.” The financial interest of the identifier is not sufficient to establish that the identifier really knows the presenter; it may even be the basis for suspicion.

Note: There is no limit to the amount you may pay based on this type of identification

See “Verifying the Customer's Identity” in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.



### Alert!

You may not pay more than \$1,000 at any one time on the basis of documentary identification alone. This limit **does not apply** to individuals identified as established customers or by an established customer or officer of your institution.

## Documentary Identification

Documents adequate for identifying persons presenting bonds are specified in the PD P 0022. Because of the generally unreliable nature of identification documents, the Treasury considers it a lack of due care if you pay a large amount to a **non-customer** on the basis of documentary identification. Your institution must not pay more than \$1,000 (redemption value) in savings bonds at any one time on the basis of documentary identification (e.g., driver's license) alone. **This limit does not apply to an individual identified as an established customer** (that is, a customer whose name has been on the account with your institution for at least six months and whose signature in the "Request for Payment" section compares favorably with the signature you have on file). There is no specific prohibition against an agent's setting a reasonable limit on the number of transactions that agent will process for one bond owner during a business day. It is important that you follow the rules and instructions in *The Guide to Cashing Savings Bonds* (PD P 0022) closely so that your institution may be relieved of liability in the event that bonds are paid to the wrong person. *If you pay more than \$1,000 to the wrong person on the basis of documentary identification, you will be liable for the entire amount paid, not just the amount in excess of \$1,000.*

Every document must be examined to determine that:

- There is nothing that would raise a suspicion about its authenticity.
- The name in which the document is issued is the same as the name on the bond.
- The signature and the picture or physical description compare favorably with those of the presenter.

Few, if any, identification documents (IDs) can be used as reliable identification. Some issuers do not require that a person be positively identified before the document is issued. Frequently, there is no requirement for the issuer to witness the recipient's signature. Other factors that make documentary identification unreliable are the lack of security measures controlling access to unused stock, the relative ease of altering and counterfeiting ID cards, and the absence of a photograph or physical description.

*The Guide to Cashing Savings Bonds* (PD P 0022) lists examples of acceptable and unacceptable documents. It should be noted, however, that even an "acceptable" document would have little value if it is not examined for authenticity and possible alterations. The name on the bond, the presenter's physical appearance, and presenter's signature on the "Request for Payment" section on the back of the bond must be compared with the name, physical description or photograph, and signature on the document. See "Documents for Identification" in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.

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## Agent Liability for Losses on Bonds Paid

By law, you are liable for any loss that results from cashing a savings bond, unless the Treasury is able to determine that the loss was not due to your fault or negligence. Therefore, you should pay only those bonds that are eligible for redemption, and comply with the Treasury's instructions to paying agents, including *The Guide to Cashing Savings Bonds* (PD P 0022). Also ensure that you make notations, preferably on the back of the bonds, that show exactly what identification and evidence you relied on to pay the bonds.

### Statute Limiting Agent's Liability for Losses

Under Treasury sponsored legislation, you are automatically relieved of liability for a loss in any case where an erroneous payment has been made ten or more years earlier and the Treasury has not notified you of such payment.

### Notation of Evidence

A common cause of the Treasury's inability to relieve paying agents of losses resulting from their payment of bonds is the agent's failure to make any notation or to make an adequate notation of the identification presented.

It is very important to make a notation of the identification you accepted. The notation may be on the bond or note, or on a separate record. The notation must be sufficiently detailed to show exactly how identification was established. Examples of adequate notations are set out in the "Document Index" in *The Guide to Cashing Savings Bonds* (PD P 0022).



### Alert!

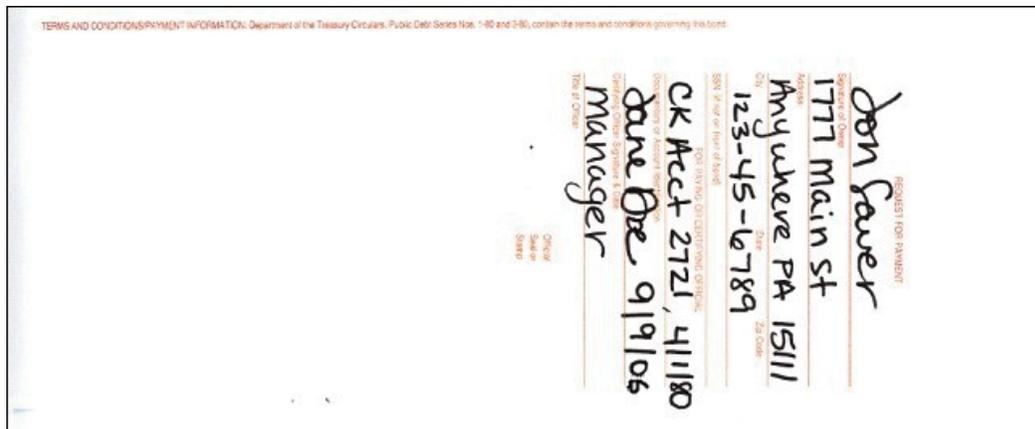
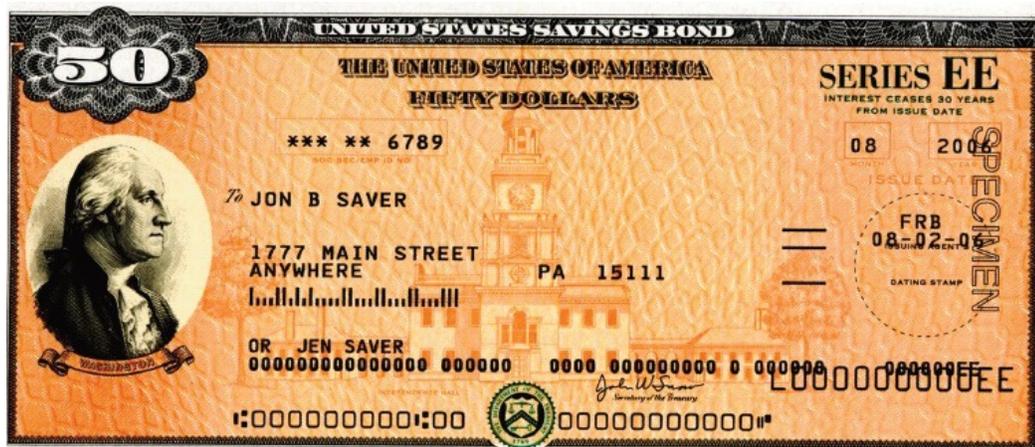
You should make notations concerning the identification and supporting documents presented on the back of the bonds or notes.

If the Treasury has any questions about the liability of your financial institution as a result of the payment of a bond or note, your financial institution must be able to provide adequate information concerning the identification used. See “Documents for Identification” in *The Guide to Cashing Savings Bonds* (PD P 0022) for detailed instructions.

If a notation indicates reliance upon a personal identifier, the notation should include the name, address, and signature of the identifier, and the basis for relying on this person knowing the presenter as the registrant named on the bond. If an erroneous payment is made, the Treasury will expect you to be able to establish that the identifier did know the presenter by the name on the bond and that the source and duration of the identifier’s acquaintance with the presenter justified your decision to cash the bond.

In the absence of adequate notation, the Treasury will not consider a paying agent’s claim that its usual identification procedure was followed as a sufficient basis for determining that the agent was free from fault or negligence in making a payment.

Example of proper notation of evidence.



## Additional Guidance

An agent is not required to redeem savings securities on Saturday and during evening hours if that financial institution is open during those periods primarily as a service for its depositors. Similarly, an agent is not specifically required to offer bond redemption services at retail banking facilities, such as, drive-in and other facilities, that are provided primarily as a service for its depositors.

*The Guide to Cashing Savings Bonds* (PD P 0022) indicates that paying agents may require additional identification documents for corroborative purposes. An agent may determine the number and types of corroborative identification documents it might require.

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## Completing the Request for Payment



The presenter must sign the "Request for Payment" section on each bond and provide a current address and social security number (SSN) on at least one of the bonds submitted.

When an owner or other authorized individual presents an eligible savings bond (at least one year old) or savings note for payment, you should instruct the presenter to complete the "Request for Payment" section on the back of the bond. The presenter must sign the "Request for Payment" section on each bond and provide a current address and social security number (SSN) on at least one of the bonds submitted.

If there is a slight error or variation in the spelling of the name, the bond owner should sign the name shown on the bond and follow it with the correct signature. For example, if the owner's name has been changed by marriage, the owner should sign, "Mary T. Jones, changed by marriage to Mary T. Smith."

If the bond is presented with the "Request for Payment" section already completed, ask the bond owner to sign it again immediately above or below the first signature as appropriate.

### Special Endorsement

A bond may be paid without the owner's signature if you are specifically qualified by Treasury Retail Securities to stamp a special endorsement on savings bonds. This authority permits payment without the owner's signature on the "Request for Payment" section on the back of bonds held by known customers. If you would like the authority to use this special endorsement, contact the Minneapolis TRS site and request qualification under Department of the Treasury Circular No. 888. If you use this authority, you are guaranteeing the validity of the transaction and are subject to the same liabilities as previously mentioned.

The 888 stamp cannot be used to redeem Series H/HH savings bonds or when legal documents accompany a transaction. When using the 888 stamp, we suggest that the bond owner sign one of the bonds to show proof of the owner's intent to redeem the bonds. Underline the bond owner's name on the front of the bond, and stamp the remaining bonds with the 888 stamp.

### Signature by Mark

A signature by mark ("X") must be witnessed by at least one disinterested person and an officer or other employee of your institution authorized to certify or guarantee signatures on requests for payment on savings bonds. The witness must attest to the signature by mark by writing "Witness to signature by mark," followed by the witness' signature and current address.

### Social Security Number

You are not required to verify SSNs, but you must refuse redemption if no number is provided. The number and the payee's current address are needed for federal income tax reporting purposes. If the SSN is completely shown in the registration, and if that SSN is accurate, you should underline it; otherwise, the presenter must record the full, correct SSN in ink either in the "Request for Payment" section or on the lower left side of the face of at least one of the bonds presented. See "Entitlement of Customer" in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.



You are not required to verify SSNs, but you must refuse redemption if no number is provided.

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## Determining the Redemption Value

The redemption value of a bond is determined by the period of time it has been outstanding. To determine this value, find the bond's issue date in the upper right-hand section on the face of the bond. (Do not confuse this date with the date in the issuing agent's validating stamp.) If the issue date of a bond or note is missing or illegible, send it to Treasury Retail Securities for payment.

You can determine the current redemption value and interest earned by using a redemption pricing system provided by your financial institution or available through the Treasury's Savings Bond Pro®<sup>1</sup> pricing software, which can be ordered at no cost from the Bureau of the Fiscal Service. The redemption value reflects any applicable interest penalty.

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<sup>1</sup> "Savings Bond Pro" is a registered trademark of the Department of the Treasury.

(Series I bonds and Series EE bonds issued May 1997 or later are subject to a three-month penalty if cashed within the first five years of purchase.)

**Agents** can use free PC software to price Series E/EE savings bonds, Series I savings bonds, and savings notes quickly. The software is updated every six months. Agents can order the software at no charge from:

Bureau of the Fiscal Service  
 PO Box 1213  
 Parkersburg, WV 26102-1213  
 304-480-6888 (phone)  
 Email at: BondPro@bpd.treas.gov

**Individual bond owners** can use the Savings Bond Calculator to price their bonds or download the Savings Bond Wizard to price and keep an inventory of their bonds and values. Both programs are available free of charge at <http://www.treasurydirect.gov/indiv/tools/tools.htm>.

## Paying the Presenter

After you have determined that you can make payment of a bond and have established the proper redemption value, carefully imprint your payment stamp on the front of the bond in the unused space immediately to the left of the issue date and the issuing agent’s validating stamp. Stamp the bond as near to the issue and validating dates as possible without over imprinting. Legibly record in the stamp the correct redemption value, date of payment (month, day, and year), and sign or initial the stamp. Black ink must be used to imprint the payment stamp on paid bonds and to record the other required data. Contact Treasury Retail Securities about size specifications for payment stamps and procuring new stamps.

You may pay the presenter in cash, issue a credit to the presenter’s checking or savings account, or issue a check or similar instrument payable to the presenter.

## Interest Reporting

*Savings bonds are exempt from state and local income tax.*

The amount of interest to be reported is determined by adding all of the interest-earned amounts for bonds presented for payment in the transaction. If \$10 or more in savings bond interest is paid to one person, you must furnish an Internal Revenue Service (IRS) form 1099-INT or an IRS approved substitute to the payee and report the payment to the IRS. The IRS form 1099-INT, or an approved substitute, must provide the following:

- Payee’s name, address, and taxpayer identification number (TIN)
- Payer’s (your institution’s) name, address, and TIN
- Amount of interest earned



If payment is made to a parent on behalf of a minor owner or co-owner, the SSN of the minor must be provided.

If payment is made to...	Then the TIN of the following must be provided...
Owner or co-owner	Person to whom payment is made
Parent on behalf of a minor owner or co-owner	The minor (if the minor does not have a SSN, one must be obtained through the Social Security Administration)
Legal representative	Person or estate on whose behalf the representative is acting
-	-

IRS regulations permit the option of either transaction reporting or annual reporting. You must report interest to the IRS no later than February 28 of the year following the transaction.

**Transaction reporting** requires the payer to report the interest at the time of the transaction for all bonds cashed. A 1099-INT statement is prepared *each* time a redemption transaction involves \$10 or more in interest. If the total interest paid in a single transaction is less than \$10, no reporting is required. For purposes of determining the \$10 cut-off, each transaction is treated separately. A copy of the statement may be presented to the payee at the time the transaction occurs or later, but the statement must be provided no later than January 31 of the year following the transaction. Transaction reporting eliminates the need to generate aggregate year-end statements of the total interest paid on transactions during the year to a single individual. When using the pricing system Savings Bond Pro, a receipt and record of interest will be generated.

**Annual reporting**, on the other hand, requires the payer to total the amount of savings bond interest paid throughout the year to a payee and, if that amount equals or exceeds \$10, to generate a single year-end statement to the payee. The statement must be provided to the payee by January 31 and also reported to the IRS by February 28 of the year following the transaction.

## Records of Payment

**Image Cash Letters** - You must retain paper savings bonds for at least thirty calendar days following the date that the image cash letter (ICL) of the paid savings bond was submitted to the Federal Reserve Bank. Paper savings bonds must be stored in a secured location with physical, procedural, and systemic controls in place to ensure that access to the securities is restricted to authorized personnel and that the securities are protected from loss, theft, destruction, and unauthorized or inadvertent viewing. At the end of the retention period, paper savings bonds must be destroyed by burning, mulching, pulverizing, or shredding beyond recognition and reconstruction, as provided in Department of the Treasury Circular No. 750, available at <http://www.treasurydirect.gov/deptcirculars.htm>.

**Paper Cash Letters** - You should maintain a complete record of each paid bond (serial number and amount paid) sent to the redeemed savings bond processing site so that, if the shipment is lost or some other discrepancy occurs, settlement may be made. You can microfilm, scan, or copy the front and back for this purpose. You should maintain the records, in whatever form, for one year as provided in Department of the Treasury Circular No. 750, available at <http://www.treasurydirect.gov/deptcirculars.htm>.

## Bonds that Agents Can Pay

To be eligible for redemption, savings bonds must be held for at least 12 months. For example, a Series EE bond bearing a May 2006 issue date is eligible for redemption on May 1, 2007. Once the presenter has provided the appropriate identification, you are authorized to redeem eligible savings bonds of Series A-E, Series EE and Series I, savings stamps, and savings notes in the following cases. Redeemed bonds and notes must be processed through either image-based or paper check clearing channels, which are explained in Chapter 4.

### Payment to Owners

Single Ownership	Co-ownership	Beneficiary
Bonds in one person's name alone.	Bonds in two names, such as "John R. Doe or Mary S. Doe."	Bonds in two names, such as "John R. Doe payable on death [POD] Mary S. Doe."
You may pay the owner.	You may pay either co-owner; the signature of only one co-owner is required.	You may pay the owner. The beneficiary is not entitled to payment during the owner's lifetime. You may pay the beneficiary with acceptable proof of the owner's death.

### **Payment to Beneficiaries**

When savings bonds are presented for cashing by a beneficiary named on the bonds and the owner is deceased, you may cash the bonds for the presenter provided the presenter furnishes adequate identification and an acceptable copy of the death certificate for the person named as the bond owner. The copy of the owner's death certificate must be certified under the seal of the Registrar of Vital Statistics or similar official. The decedent's name on the death certificate must be the same as that of the owner named on the bonds. See "Entitlement of Customer" in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.

### **Payment to a Legal Representative of a Last Deceased Registrant's Estate**

You may cash bonds for the legal (court-appointed) representative of a deceased bond owner's estate upon presentation of evidence of appointment. If the bonds bear the names of two persons as co-owners or as owner and beneficiary and both are deceased, you may cash those bonds for the legal representative of the estate of the last deceased person named on the bonds. In this case, in addition to the evidence of the representative's appointment certified to be true and correct by the court clerk or other authorized court official, the representative should present certified copies of the death certificates of both persons named on the bonds. Evidence of appointment is current if (1) received within one year after the date of appointment or (2) the evidence bears a full force and effect statement issued within one year of the presentation of the bonds. The representative of the estate should sign the bonds and include their fiduciary title (for example, Richard Roe, executor of the estate of John Doe, deceased). You should obtain an appropriate TIN for federal income tax reporting purposes. Transactions involving special, temporary, limited, supervised, voluntary, foreign, or independent representatives should be forwarded to Treasury Retail Securities for processing. See "Entitlement of Customer" in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.

### **Payment to Legal Representatives Designated on Bonds by Both Name and Title**

You may cash bonds or notes for any legal representative (e.g., trustee, executor, guardian, and conservator) named in the registration of bonds, provided the presenter furnishes appropriate identification. When signing each bond, the presenter should indicate his or her title, and if the legal representative is a corporate entity, the full corporate name and signer's title (for example, vice president) as well. You should ensure that each request for payment corresponds with the bond's registration and obtain an appropriate TIN for federal income tax reporting purposes. See "Entitlement of Customer" in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.



The minor's SSN must be furnished for federal income tax reporting purposes.

### **Notation of Evidence**

For the agent's protection, a notation should be made, either on the back of bonds or notes, or in a separate record, concerning the death certificate(s) and/or letters of appointment. This notation might include the document or case number on the owner's death certificate and/or the letters of appointment, the date of death, and the name and location of the issuing authority. The notation should be sufficient to permit the agent to produce a copy of the evidence if the transaction is later questioned. Otherwise, the agent runs the risk that no evidence can be developed to show that it acted with due care, and it could not be relieved of liability should a loss occur.

### **Payment to Minor**

If the owner or co-owner of a savings bond is a minor, and the form of registration does not indicate a guardian or other representative has been appointed by the court or similar authority for the minor's estate, you can pay the minor, provided the minor is of sufficient competency to sign the request for payment and to understand the nature of the transaction. The minor's SSN must be furnished for federal income tax reporting purposes.

### Payment to Parent of a Minor

If the owner or co-owner of a savings bond is a minor, and the form of registration does not indicate that there is a court-appointed representative of the minor's estate, and if such minor owner is not of sufficient competency to sign the bond and to understand the nature of the transaction, you can pay either parent with whom the minor resides. The following endorsement must be typed or imprinted on the back of the bond:



You may request a credit to your reserve/correspondent account for the redemption value of bonds.

"I certify that I am the [father or mother] of [minor's name] and the person [with whom he/she resides] or [to whom legal custody has been granted]. He/she is [age] years of age and is not of sufficient understanding to make this request."

The minor's SSN must be furnished for federal income tax reporting purposes. No legal documentation, such as a birth certificate, is required in these types of transactions. If the minor does not reside with either parent, the person who furnishes the minor's chief support may be paid. Forward these transactions to Treasury Retail Securities for processing. See "Entitlement of Customer" in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.

### Method of Payment

The TRS site will credit your reserve/correspondent account for the redemption value of the bonds paid by your institution within ten business days from the date the transaction is approved for payment. It is your responsibility to monitor your reserve/correspondent statement.

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## Bonds that Agents Cannot Pay

In certain cases, paying agents are not authorized to pay bonds and notes. You should forward such bonds and any supporting documentation to Treasury Retail Securities. The individual requesting redemption must sign the "Request for Payment" section on the back of the bonds. You must establish the identity of this person as if your institution were cashing the bonds. Use the guidelines in PD P 0022 for information on identifying customers. An officer or designated employee of your institution must then certify the presenter's signature on the bonds by signing his or her name and title and placing your institution's seal or agent stamp on the back of the bonds. Send the certified copies of evidence supporting payment with the bonds. Any required court evidence of a representative's appointment that is more than one year old must be updated by the court within the last year and should include the court clerk's or other official's statement that the appointment is in full force and effect.

Payments are sent by ACH to the customer's account. The account will be credited within ten business days from the date the transaction is approved for payments. ACH credit is the only method of delivery. It is the customer's responsibility to monitor his or her account for receipt of the funds. In order to receive the funds, the customer must complete a Direct Deposit Sign-Up Form (FS Form 5396) or a Special Form of Request for Payment of United States Savings and Retirement Securities Where Use of a Detached Request is Authorized (FS Form 1522). The FS Form 1522 is used to request payment of savings bonds instead of signing the back of each bond. Note: ACH credits must be made to an account naming the bond registrant. Credits to third-party accounts are not permitted. Please note that additional requirements may apply.

### You are not authorized to pay the following transactions:

- Bonds that have not been held for 12 months since the issue date, except for cases where you have been granted a waiver through Treasury Retail Securities due to hardship. Such waivers generally cover a specific region of the country for a specific period of time; Treasury Retail Securities will provide a special announcement about this, located at <http://www.frb services.org/treasury/index.html>.
- Bonds of Series F, G, J, K, H, and HH; Individual Retirement Bonds; and Retirement Plan Bonds
- Bonds presented by an attorney-in-fact (power of attorney). These transactions should be forwarded to Treasury Retail Securities.

- Bonds issued in the name of a corporation, partnership, association, or other type of company or institution in its own right.
- Supporting evidence is required, except for qualified beneficiaries and court-appointed representatives of decedents' estates.
- The payee will not furnish a SSN.
- A presenter requests a partial payment. These transactions should be forwarded to Treasury Retail Securities.
- Bonds that are mutilated, altered, defaced, or irregular.
- Bonds that are being redeemed for a non-citizen or foreign redemption. These transactions should be forwarded to Treasury Retail Securities.

### **Series H/HH**

Series H/HH bonds may be redeemed through the Minneapolis TRS site. Depository financial institutions cannot redeem Series H/HH bonds since they do not have access to the system needed to verify H/HH account information, such as whether correct amounts are displayed in tax-deferral legends on bonds presented for redemption. When submitting Series HH bonds for redemption between the months in which interest is paid, owners should keep in mind that interest ceases as of the last interest payment. For example, if a bond issued in January 2000, which pays interest each January 1 and July 1, is submitted for payment in September, the last interest payment is the July 1 payment. If owners submit Series HH bonds for redemption in the month prior to an interest payment date, the bonds will be held until that date, unless the presenter specifically requests immediate payment. The bond owner should clearly communicate this fact in writing to Treasury Retail Securities when submitting the bonds. However, if a notice requesting delayed payment is received more than 30 days before the interest payment date, it will not be honored.

### **Partial Payment**

Any Series EE bond denomination above \$75 is eligible for partial redemption at current redemption values. However, the remaining portion to be reissued (as of the original issue date) must equal an authorized denomination or combination of denominations. For example, if an owner requests partial redemption of a \$100 bond to the extent of \$50 (face amount), the owner would receive a \$50 bond, an ACH payment representing the redemption value of a \$50 bond having the same issue date as the \$100 bond being presented, and a 1099-INT for the amount of interest included in the redemption value of the redeemed \$50 bond. On the "Request for Payment" section on the back of the bond, and above the signature, the following statement should be added to the first sentence of the request, "Redeem to the extent of \$50 (face amount) and reissue the remainder." The payee's SSN must be furnished for federal income tax reporting purposes. Series HH denominations eligible for partial redemption include \$1,000, \$5,000, and \$10,000. The procedures for handling partial payments on Series E/EE bonds also apply to Series H/HH bonds.



Series I bonds are not eligible for partial payment.

Requests for partial redemption of Series HH and EE bonds must be sent to Treasury Retail Securities. Refer to Appendices G and L for contact information.

### **Payment to Voluntary Guardian for Adult**

You are not authorized to redeem bonds for voluntary guardians. You should send the bonds, application FS Form 2513, and supporting evidence to the address indicated on the form. If the adult owner of a bond becomes mentally incapacitated and no other person is legally qualified to act on the owner's behalf, the person responsible for the owner's support and care may submit an application FS Form 2513 to request (1) the redemption of any series of bonds with a total redemption value of no more than \$20,000 or (2) that interest payments on Series HH bonds be re-directed so that the funds are available to pay the bond owner's expenses. The application must be accompanied by a statement from the owner's physician indicating that the owner is no longer mentally competent to request payment.

**Payment to Persons Acting Under Powers of Attorney**

You are not authorized to redeem bonds presented by persons acting under a power of attorney. In such cases, forward the bonds and supporting evidence to Treasury Retail Securities.

**Payment to Creditors**

You are not authorized to redeem bonds for creditors. In such cases, forward these bonds to Treasury Retail Securities for payment. The Treasury will recognize claims against owners of savings bonds when such claims are established by valid judicial proceedings. For example, in the case of creditors, a savings bond will be paid, but not reissued, to the purchaser at a sale under a levy or to the officer authorized to levy upon the property of the registered owner or co-owners, under appropriate process to satisfy a money judgment. A judgment against one co-owner will be recognized only to the extent that this co-owner’s interest in the bond is established, whether by agreement of both co-owners or through court proceedings to which both co-owners are parties. In the case of bankruptcy, payment of a savings bond will be made to a trustee in bankruptcy, a receiver of an insolvent’s estate, a receiver in equity, or a similar officer of the court. The Treasury will not accept notices of adverse claims or of pending judicial proceedings. Further, it will not undertake to protect the interests of litigants who do not have possession of a bond.

**Redemption Transactions to Forward**

Redemption transactions that cannot be processed by agents are processed at the Treasury Retail Securities sites. Use the chart below to determine where a transaction should be mailed.

*\* The majority of transactions with this evidence can be processed by agents and do not require mailing to the Treasury Retail Securities sites.*

Forwarding Addresses
<i>For Series E, EE, and I Bonds:</i> PO Box 0214 Minneapolis, MN 55480-0214  1-844-284-2676  <i>For Series H/HH Bonds:</i> PO Box 2186 Minneapolis, MN 55480-2186

### Redemption Cases Requiring Evidence

**You are not authorized to redeem bonds in these cases.**

Bond Registration and Circumstances	Content of “Request for Payment” Section	Evidence Normally Required	TIN Required
Single owner form; owner deceased; after settlement of estate through court proceedings.	None; Use FS Form 5394 – Follow instructions on form; it is to be signed by the persons entitled to the estate.	After settlement of estate through court proceedings, request a certified copy of the Decree of Distribution or Final Account for the estate. Death certificate for decedent named on the bonds certified by the Registrar of Vital Statistics, or similar official.	SSN(s) of person(s) receiving bond proceeds.
Single owner form; owner deceased; after settlement of estate in accordance with State statute, for example, summary administration or small estate affidavit.***	None; Use FS Form 5394 – Follow instructions on form; it is to be signed by the persons entitled to the estate.	After settlement of estate by summary administration; request a certified copy of the order of summary administration; or, Small estate affidavit signed in accordance with State law; and, Death certificate for decedent named on the bonds certified by the Registrar of Vital Statistics, or similar official.	SSN(s) of person(s) receiving bond proceeds.
Co-owner or beneficiary form; both persons deceased and estate of last-deceased person named on bonds has been settled and closed; after settlement of estate through court proceedings.	None; Use FS Form 5394 – follow instructions on form; it is to be signed by the persons entitled to the estate.	After settlement of estate through court proceedings, request a certified copy of the Decree of Distribution or Final Account for the estate of the last-deceased. Death certificates for decedents named on the bonds certified by the Registrar of Vital Statistics, or similar official.	SSN(s) of person(s) receiving bond proceeds.
Co-owner or beneficiary form; both persons deceased and estate of last-deceased person named on bonds has been settled and closed; after settlement of estate in accordance with State statute, for example, summary administration or small estate affidavit.***	None; Use FS Form 5394 – follow instructions on form; it is to be signed by the persons entitled to the estate.	After settlement of estate by summary administration; request a certified copy of the order of summary administration; or, Small estate affidavit signed in accordance with State law; and, Death certificates for decedents named on the bonds certified by the Registrar of Vital Statistics, or similar official.	SSN(s) of person(s) receiving bond proceeds.

*\* Series I bonds cannot be registered in the name of a corporation or organization.*

*\*\* If payment is requested by any other representative, a certified or sworn copy of resolution or excerpt from bylaws. \*\*\* Transaction must be sent to Treasury Retail Securities. See Appendix L for mailing information.*

## Redemption Cases Requiring Evidence

**You are not authorized to redeem bonds in these cases.**  
*Continued*

Bond Registration and Circumstances	Content of “Request for Payment” Section	Evidence Normally Required	TIN Required
Single owner or co-owner or beneficiary form; all persons deceased; estate of last-deceased person will not be administered through court proceedings.	None; Use FS Form 5336 – Follow instructions on form; it is to be signed by the person acting as voluntary representative.*	Death certificates for decedents named on the bonds certified by the Registrar of Vital Statistics, or similar official.	SSN(s) of either the person acting as voluntary representative or the person(s) receiving bond proceeds.
John Doe, an incompetent, under legal guardianship of Henry Doe; payment requested by former ward whose disability is removed.***	John Doe should sign name as it appears on bond; omit words referring to disability.	Certified copy of court order showing termination of guardianship by reason of restoration to competency.	Owner's SSN.
John Doe, a minor (or incompetent) under custodianship of Henry Doe by designation of Veterans Administration; payment requested by former minor or incompetent whose disability has been removed.***	Former ward should sign name as it appears on bond; omit words referring to custodianship.	Former minor needs either a letter from VA or a certified copy of birth certificate; former incompetent needs a letter from a Veterans Services Officer of VA stating that disability has been removed.	Owner's SSN.
Name of the individual changed by court order, divorce, remarriage, or naturalization.***	Miss Mary Roe, changed by (show reason for change) from Mrs. Mary Doe.	If name change by remarriage, signed and certified FS Form 4000 with statement above signature line completed.  Certified copy of court order, divorce decree, or naturalization papers.	Owner's SSN.
First Baptist Church. *, ***	First Baptist Church, by John Doe, Pastor.	No evidence if the payment is requested by recognized officer. **	Employer Identification Number (EIN) assigned to the church.
XYZ Company, a corporation. *, ***	XYZ Company, by John Doe, Treasurer.	No evidence if the payment is requested by recognized officer. **	EIN assigned to the corporation.
Deer Bear Lodge, an unincorporated association. *, ***	Deer Bear Lodge, an unincorporated association, by John Doe, Grandmaster.	No evidence if the payment is requested by recognized officer. **	EIN assigned to the unincorporated association.
Smith and Jones, a partnership. *, ***	Smith and Jones, a partnership by John B Smith, a general partner.	No evidence if the payment is requested by general partner. **	EIN assigned to the partnership.
John Jones DBA (doing business as) Jones Roofing Company. *, ***	John Jones DBA Jones Roofing Company.	No evidence if the payment is requested by the proprietor. **	SSN of proprietor.

\* Series I bonds cannot be registered in the name of a corporation or organization.

\*\* If payment is requested by any other representative, a certified or sworn copy of resolution or excerpt from bylaws. \*\*\* Transaction must be sent to Treasury Retail Securities. See Appendix L for mailing information.

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## Redeeming Savings Stamps

Savings stamps are worth their face amounts; the denominations are \$0.10, \$0.25, \$0.50, \$1, and \$5. The sale of savings stamps was discontinued June 30, 1970.



Savings stamps are worth their face amounts. You may accept and redeem savings stamps presented solely for cash payment.

You may accept and redeem savings stamps presented solely for cash payment, but you are not required to do so. If you choose not to redeem savings stamps presented for cash payment, you should forward them to Treasury Retail Securities for payment. Agents should also include FS Form 5396 to provide direct deposit ACH payment instructions with the stamps.

When redeeming stamps for cash, you should determine whether the stamps have been marked or mutilated in such a manner as to be of questionable value or identity, or to indicate previous cancellation. Stamps that have been torn or partially burned may be approved for redemption provided (1) more than one-half of the same stamp remains and (2) its identity and denomination can be established.

Agents should affix loose stamps securely and separately to a card or a sheet of paper. Be sure to include the owner's name and address on the card or paper. You should immediately cancel the stamps to prevent their presentation a second time by using a rubber stamp with permanent ink or by perforation, without obliterating the identity or denominational value of the stamps. On each card or paper submitted, record (1) the total value of the attached stamps, (2) the name and address of the presenter, and (3) your institution's name and location.

After canceling redeemed stamps, send them to the Minneapolis TRS site. Include an adding machine tape or other listing providing the value of each card or paper submitted and the total value for all stamps in the shipment. Treasury Retail Securities will notify you of any discrepancies found.

# Redeemed Savings Bond Clearing

*Note: Series I bonds follow the same redeemed bond clearing procedures used for Series EE bonds.*



You may submit redeemed savings bonds in mixed and separately sorted image cash letters.

All savings bonds and notes you are currently authorized to redeem must be processed through paper or image-based check processing. You should continue to determine the redemption amount, affix your paid stamp, and report interest according to IRS requirements.

The Federal Reserve Banks accept image-eligible savings bonds in mixed and separately sorted FedForward® image cash letters (ICLs) and separately sorted paper cash letters\*. While image-based savings bond processing is strongly preferred, paper savings bond deposits are also accepted.

Financial institutions that are not FedForward services depositors, either directly or through a processor or correspondent, can contact their account executive or Check Services Customer Support at (877) 372-2457 to begin the process of signing up for these services.

## Depositing Mixed and Separately Sorted Image Cash Letters (ICLs)

Image-eligible savings bonds include Series E (half-sheet and card), Series EE, Series I, and Savings Notes.

For more information on depositing redeemed savings bonds in ICLs, visit [www.frb services.org/Treasury/SavingsBonds.html](http://www.frb services.org/Treasury/SavingsBonds.html) or contact Check Services Customer Support at (877) 372-2457.

Do not send bonds presented for reissue (changes in registration) through image or paper cash letters. Instead, these bonds should be submitted to Treasury Retail Securities with the reissue requests and any supporting documents.

Series H/HH bonds for redemption should **not** be submitted through image or paper cash letters. Refer to Chapter 3 for proper instructions.

Savings Bond Pro® software, available free of charge from Fiscal Service, can aid in encoding of the bonds during pricing. For more information, go to <http://www.treasurydirect.gov/instit/savbond/price/bondpro/bondpro.htm>.

## Depositing Paper and Facsimile Savings Bonds

Paper savings bonds are accepted only in separately sorted cash letters. There are three paper deposit options available: 1) non-full sheet paper bonds, 2) full sheet paper bonds, and 3) facsimile paper bonds. Paper savings bonds deposited in mixed paper cash letters, or in the wrong type of paper cash letter, may be returned to the depositor.

For more information on depositing redeemed paper savings bonds and facsimiles, including cash letter forms and encoding requirements, visit [www.frb services.org/Treasury/SavingsBonds.html](http://www.frb services.org/Treasury/SavingsBonds.html) or contact Check Services Customer Support at (877) 372-2457.

### For all paper and facsimile savings bonds

Check Department – Savings Bond Processing  
Federal Reserve Bank of Atlanta  
1000 Peachtree Street NE  
Atlanta, GA 30309-4470

\*Before depositing savings bonds with a correspondent, verify that the correspondent is willing to accept these items.

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## Adjustments

All savings bond adjustments, such as pricing errors will be directed to you through normal check adjustment channels.

For more information on savings bond adjustments, visit [www.frb services.org/Treasury/SavingsBonds.html](http://www.frb services.org/Treasury/SavingsBonds.html) or contact Check Services Customer Support at (877) 372-2457. Note: The toll-free number should not be used to initiate adjustment requests.

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## Preparing Facsimiles

Properly prepared facsimiles and cash letters should be sent to the Federal Reserve Bank of Atlanta. For more information on depositing redeemed paper savings bonds and facsimiles, visit [www.frb services.org/Treasury/SavingsBonds.html](http://www.frb services.org/Treasury/SavingsBonds.html) or contact Check Services Customer Support at (877) 372-2457.

Include the following indemnification with savings bond and note facsimiles:

INDEMNIFICATION STATEMENT EXAMPLE				FORM 700-A
This is a facsimile of an original United States Savings Bond/Note containing the following data.				
SERIAL NUMBER	ISSUE DATE (Month/Year)	PAYMENT DATE (Month/Year)	PAYMENT AMOUNT	
C000000000EE	11/1991	05/2003	\$98.68	
The bond/note has been endorsed by the undersigned and reported missing or destroyed while in the regular course of bank collection. The undersigned guarantees the validity of this facsimile and all prior or any missing endorsements and agrees to be bound by the regulations contained in Treasury Circular No. 750, current revision (31 CFR Part 321) for any loss sustained by the Treasury or an endorsing bank in honoring this facsimile.				
Reason for Facsimile: Lost internally				
Institution Name and Address: First Nat of Canonsburg, 213 Pike Street, Canonsburg, PA 15317				
Routing and Transit # (ABA #) of Institution: 1234-5678-9				
Authorized Signature:				

Ensure that the indemnification is signed by an official of the depositing financial institution.

Endorse the facsimile (photocopy) of the savings bond (front and back) with a current stamp of the financial institution and provide a copy of the original Federal Reserve debit advice. If no Federal Reserve debit advice exists because the original savings bond or note was lost internally, include a statement to that effect on the signed facsimile submission.

When a legible facsimile of a missing bond cannot be produced, an *Application for Relief Due To the Loss, Theft, or Destruction Of Paid United States Savings Bonds/Notes* (FS Form 2517) may be completed.

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## Records of Redeemed Bonds

**Image Cash Letters** - You must retain paper savings bonds for at least thirty calendar days following the date that the image cash letter (ICL) of the paid savings bond was submitted to the Federal Reserve Bank. Paper savings bonds must be stored in a secured location with physical, procedural, and systemic controls in place to ensure that access to the securities is restricted to authorized personnel and that the securities are protected from loss, theft, destruction, and unauthorized or inadvertent viewing. At the end of the retention period, paper savings bonds must be destroyed by burning, mulching, pulverizing, or shredding beyond recognition and reconstruction, as provided in Department of the Treasury Circular No. 750, available at <http://www.treasurydirect.gov/deptcirculars.htm>.

**Paper Cash Letters** - You should maintain a complete record of each paid bond (serial number and amount paid) sent to the redeemed savings bond clearing site so that, if the shipment is lost or some other discrepancy occurs, settlement may be made.

# Trusts

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As a financial institution, you will receive requests from customers to redeem and reissue paper savings bonds involving trust registrations. This chapter provides you with information needed to handle many routine requests you may encounter.

A trust is a right of property, real or personal, held by one party for the benefit of another. It is a written, legal document that creates an entity to which an individual can transfer ownership of his/her assets. The person who creates the trust is called the **grantor**. The **trustee** is the person who will manage the assets of the trust. A **successor trustee** is the person who will manage the assets of the trust if the initial trustee is no longer able to manage the trust due to death, illness, or resignation. A person who receives the benefit of the trust's assets is called the **beneficiary**.

There are two types of trusts used with savings bonds:

1. **Personal Trust** – created by natural persons for the benefit of themselves or other individuals. Personal trusts can be either revocable or irrevocable and are referred to as the following:
  - Declaration of Trust (U/D/T) – the grantor and trustee are the same person.
  - Trust under Agreement (U/A) – the grantor and trustee are different persons.
2. **Testamentary Trust** – created under a will (U/W) and does not take effect until the grantor is deceased.

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## Redeeming Savings Bonds in a Trust Registration

As a paying agent of United States Savings Bonds, your institution is authorized to redeem savings bonds registered in a trust inscription. Report the interest under the social security number or employer/estate identification number of the trust. Your financial institution may pay these bonds **when**:

- The person(s) requesting payment is the trustee(s) named on the bond(s).
- The trustee(s) named on the bond(s) signs the request for payment on the back of the bond(s) as trustee(s) in your presence.
- The amount being redeemed does not exceed the identification limit stated in *The Guide for Cashing Savings Bonds* (PD P 0022), and the transaction is conducted according to the rules in that guide. (See *Appendix D*.)

To complete the transaction under these conditions, have the trustee(s) sign the back of each bond, including the capacity in which he or she is acting, and pay the trustee(s) in his or her fiduciary capacity. Report interest as income to the trust. See Entitlement of Customer in *The Guide to Cashing Savings Bonds* (PD P 0022) for step-by-step instructions.

**All other requests for redemption should be forwarded to Treasury Retail Securities, according to the following guidelines:**

- Personal Trust – Provide a copy of the entire trust agreement with any amendments or pertinent pages and any amendments certified to be a true and correct copy of the original. The following pages must be included:
  - The page showing the name and date of the trust;
  - The page(s) identifying the successor trustee(s) (if more than one successor trustee is named, also provide the portion of the trust that states if they may act independently);
  - The page with grantor's certified signature;
  - Any amendments to the trust that may alter the information on the pages submitted or limit the authority of the trustee(s) to request the transaction.

- Testamentary Trust – Provide a certified copy of the will, under court seal. (The will must be probated in order for a testamentary trust to be effective.)

If the trustee named in the registration of the bond(s) is no longer acting, you must also provide one of the following:

- A certified copy of the trustee’s death certificate.
- A letter of resignation from the trustee who is no longer acting.

If the trust instrument or will does not name a successor trustee, you must provide a certified copy of the court order or other evidence. An authorized trust registration should include the name(s) of the trustee(s), name(s) of the grantor(s), and, if applicable, the date that the trust was created.

*Note: Additional forms or documentation may be required depending on the transaction requested.*

Send the completed form(s), bond(s), and the trust instrument (if applicable) to PO Box 0214 Minneapolis, MN 55480-0214.

## Reissuing Savings Bonds into a Trust Registration

*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.*

Series EE, I, and HH savings bonds may be reissued into a trust registration a *Request to Reissue United States Savings Bonds to a Personal Trust* (FS Form 1851). This form allows living bond owners to re-register their bonds to a personal trust. Note: Savings bonds that have reached final maturity and no longer earn interest cannot be reissued.

The inscription on the application should contain:

- The name of the trustee(s).
- The name of the grantor.
- The nature of the trust.
- The date the trust was created (month, date, and year).

Condition	Actions
The bonds are in single owner registration.	<ul style="list-style-type: none"> <li>➤ Have the FS Form 1851 signed by the owner of the bonds.</li> <li>➤ Certify the signature on the application using your institution’s official stamp or seal, signature guarantee stamp, or paying agent validation stamp.</li> <li>➤ Have the trustee complete and sign the direct deposit authorization on FS Form 5396 if Series HH are involved.</li> </ul>
The bonds are registered as single owner with a beneficiary.	<ul style="list-style-type: none"> <li>➤ Have the FS Form 1851 signed by the owner of the bonds.</li> <li>➤ Certify the signature(s) on the application using your institution’s official stamp or seal, signature guarantee stamp, or paying agent validation stamp.</li> <li>➤ Have the trustee complete and sign the direct deposit authorization on FS Form 5396 if Series HH bonds are involved.</li> </ul>
The bonds are in co-owner registration.	<ul style="list-style-type: none"> <li>➤ Have the FS Form 1851 signed by both co-owners named on the bonds. If one co-owner is deceased, provide a certified copy of the deceased co-owner’s death certificate.</li> <li>➤ Certify the signature(s) on the application using your institution’s official stamp or seal, signature guarantee stamp, or paying agent validation stamp.</li> <li>➤ Have the trustee complete and sign the direct deposit authorization on FS Form 5396 if Series HH bonds are involved.</li> </ul>

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## Other Reissues Involving Trust Registrations

Once bonds are issued in a trust registration, circumstances may change which require that the bonds be reissued to a new registration. Customers may request to reissue bonds to change the trust registration for the following reasons:

- Change of trustee – The trustee may change due to death, resignation, or removal.
- Termination of trust – The trust may terminate after a specific period of time, upon a specific event, or at the death of the grantor.
- Revocation of trust – The grantor of the trust may decide to revoke or nullify the trust in its entirety.
- Distribution of estate – The grantor dies and the bonds are to be distributed to specific individuals.
- Distribution of trust – The grantor is living, the trust is not revoked or terminated, and the grantor wishes to reissue bonds out of the trust registration.

A *Request by Fiduciary for Distribution of United States Treasury Securities* (FS Form 1455) is required to distribute bonds due to the termination or distribution of a trust/estate. A *Request to Reissue United States Savings Bonds* (FS Form 4000) is required to reissue bonds due to a change in trustee or revocation of trust. The reason for distribution or reissue must be shown on the appropriate form where indicated.

### Additional Requirements

- Personal Trust – Provide a copy of the entire trust agreement with any amendments or pertinent pages and any amendments certified to be a true and correct copy of the original. The following pages must be included:
  - The page showing the name and date of the trust;
  - The page(s) identifying the successor trustee(s) (if more than one successor trustee is named, also provide the portion of the trust that states if they may act independently);
  - The page with grantor's certified signature;
  - Any amendments to the trust that may alter the information on the pages submitted or limit the authority of the trustee(s) to request the transaction.
- Testamentary Trust – Provide a certified copy of the will, under court seal. (The will must be probated in order for a testamentary trust to be effective.)

If the trustee named in the registration of the bond(s) is no longer acting, you must also provide one of the following:

- A certified copy of the trustee's death certificate.
- A letter of resignation from the trustee who is no longer acting.

If the trust instrument or will does not name a successor trustee, you must provide a certified copy of the court order or other evidence.

An authorized trust registration should include the name(s) of the trustee(s), name(s) of the grantor(s), and, if applicable, the date that the trust was created.

*Note: Additional forms or documentation may be required depending on the transaction requested. 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.*

Send the completed form(s), bond(s), and the trust instrument (if applicable) to PO Box 0214 Minneapolis, MN 55480-0214.

# Examples of Trust Registrations

It is preferred that the employer identification number (EIN) for the trust be used in the registration of the bond. If there is no EIN, the social security number (SSN) of the grantor of the trust or the decedent may be used.

It is important that bonds have a registration that conforms to regulations. However, the responsibility for the accuracy of the information provided rests with the bond owner.

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## Trustees under Agreements of Trust, Declarations of Trust, Deeds of Trust, or Trust Indentures

Complete	Abbreviated
12-3456789 Paul E White trustee under declaration of trust dated 2-1-80	12-3456789 Paul E White Tr U/D/T dtd 2-1-80
12-3456789 Paul E White trustee under declaration of trust dated 2-1-80 for the benefit of Mary Smith	12-3456789 Paul E White Tr U/D/T dtd 2-1-80 FBO Mary Smith
12-3456789 Paul E White and Mary White co-trustees under declaration of trust dated 2-1-80	12-3456789 Paul E White & Mary White Co-Tr U/D/T dtd 2-1-80
12-3456789 Paul E White and Mary White co-trustees under declaration of trust dated 2-1-80 for the benefit of Sally White	12-3456789 Paul E White & Mary White Co-Tr U/D/T dtd 2-1-80 FBO Sally White
12-3456789 Paul E White trustee under agreement with Paul E White and Mary White dated 2-1-80	12-3456789 Paul E White Tr U/A Paul E White White & Mary White dtd 2-1-80
12-3456789 Beloit National Bank trustee under agreement with Paul E White dated 2-1-80 (Trust No 1)	12-3456789 Beloit Natl Bk Tr U/A Paul E White dtd 2-1-80 (Tr No 1)
12-3456789 First National Bank and Sally White Successor co-trustees under agreement with Paul E White dated 2-1-80 as amended 3-1-81 for the benefit of Mary White	12-3456789 First Natl Bk & Sally White Suc Co-Tr U/A Paul E White dtd 2-1-80 FBO Mary White
12-3456789 Paul E White and Mary White co-trustees of the White Family Trust dated March 10, 1988	12-3456789 Paul E White and Mary White Co-Tr of the White Fam Tr dtd 3-10-88

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<b>Complete</b>	<b>Abbreviated</b>
12-3456789 Tenth National Bank Trustee under agreement with Paul E White dated 2-1-80	12-3456789 Tenth Natl Bk Tr U/A Paul E White dtd 2-1-80
12-3456789 Carl A Black and Henry B Green co-trustees under agreement with Paul E White dated 2-1-80	12-3456789 Carl A Black and Henry B Green Co-Tr U/A Paul E White dtd 2-1-80
12-3456789 Carl A Black and Henry B Green co-trustees under agreement with Paul E White dated 2-1-80 for the benefit of Mary White and Beth White	12-3456789 Carl A Black and Henry B Green Co-Tr U/A Paul E White dtd 2-1-80 FBO Mary White & Beth White
12-3456789 Paul E White trustee under agreement with Mary White dated 2-1-80	12-3456789 Paul E White Tr U/A Mary White dtd 2-1-80

**Trustees under Will of Decedent (Testamentary Trust)**

<b>Complete</b>	<b>Abbreviated</b>
12-3456789 Thomas White trustee under the will of Robert Smith deceased	12-3456789 Thomas White Tr U/W Robert Smith decd
12-3456789 Thomas White and Tenth National Bank co-trustees under the will of Robert Smith deceased	12-3456789 Thomas White & Tenth Natl Bk Co-Tr U/W Robert Smith decd
12-3456789 Thomas White trustee under the will of Robert Smith deceased (Residual Trust)	12-3456789 Thomas White Tr U/W Robert Smith decd (Res Tr)
12-3456789 Thomas White trustee under the will of Robert Smith deceased for the benefit of Mary Smith	12-3456789 Thomas Smith Tr U/W Robert Smith decd FBO Mary Smith
12-3456789 Paul E White, Mary White, Sally Smith, Bob Jones, Tom Black, and Beth Jones Trustees under the will of George White, deceased	12-3456789 Option 1: Paul E White, Mary White, et al, Tr U/W George White decd Option 2: Trustees U/W George White decd



*For information regarding other trust registrations, see Department of the Treasury Circular, Fiscal Service Series No. 3-80, Sec. 353.7, Department of the Treasury Circular, Fiscal Service Series No. 2-98, Sec. 360.6, paragraph (b), or contact the Minneapolis TRS site. These regulations are also available at <http://www.treasurydirect.gov/deptcirculars.htm>.*

## Interest Accrual Dates for Series E/EE and I Bonds

Use the table and chart below to determine when a bond increases in value. Any bond that has reached final maturity, 30 or 40 years after the issue date, has stopped earning interest.

Series	Issue Dates	Final Maturity	Accrual Dates
E	5/41 - 4/52	40 years	All matured
E	5/52 - 1/57	40 years	All matured
E	2/57 - 5/59	40 years	All matured
E	6/59 - 11/65	40 years	All matured
E	12/65 - 5/69	30 years	All matured
E	6/69 - 11/73	30 years	All matured
E	12/73 - 6/80	30 years	All matured
EE	1/80 - 2/93	30 years	See chart below
EE	3/93 - 4/95	30 years	See chart below *
EE	5/95 - 4/97	30 years	See chart below
EE	5/97 - Present	30 years	**
I	9/98 - Present	30 years	**

\* EE bonds with these issue dates will increase monthly for first five years and semiannually after that, unless monthly increases are needed to ensure the bonds earn 4 percent.

\*\*EE and I bonds with these issue dates increase in value monthly. I bonds with these issue dates usually increase in value monthly. If cashed before five years old, these EE and I bonds are subject to interest penalty equal to the three most recent months of interest earned.

Months of Issue	Months of Increases
January	January and July
February	February and August
March	March and September
April	April and October
May	May and November
June	June and December
July	July and January
August	August and February
September	September and March
October	October and April
November	November and May
December	December and June

# Forms and Informational Packets Pertinent to U.S. Savings Bonds/Notes

You can download or order forms and informational materials for U.S. Savings Bond transactions at <http://www.treasurydirect.gov>.

# **The Guide to Cashing Savings Bonds – PD P 0022**

*The Guide to Cashing Savings Bonds* (PD P 0022) explains the types of acceptable identification and provides paying agents a step-by-step question and answer approach for cashing bonds. The guide is designed to simplify the redemption process for tellers and as a result, eliminate errors that result in liability findings against their financial institutions.

This booklet can be downloaded at <http://www.treasurydirect.gov/forms/sav0022.pdf>.

Note: Paying agents can order printed copies of the guide from the Minneapolis TRS site to distribute to personnel involved with paying bonds.

# How to Redeem a Savings Bond or Note



For more information on redeeming savings bonds/notes, see Chapters 3, 5, and Appendix D.

Can Redeem	Cannot Redeem
<ul style="list-style-type: none"> <li>● Series A, B, C, D, E/EE, and I savings bonds and savings stamps.</li> <li>● Savings notes/Freedom Shares.</li> <li>● Bonds at least 12 months old.</li> <li>● Bonds in good condition (i.e., not mutilated, defaced, or altered).</li> <li>● Presenter is owner or co-owner.</li> <li>● Presenter is beneficiary or legal representative (need documentary evidence).</li> <li>● Presenter is parent with who minor bond owner resides.</li> </ul> <p><b>Identify the presenter (person redeeming the bond) and determine the redemption limit, if any, using one of the three methods described under 'Acceptable Forms of Identification.'</b></p> <p><b>Complete the "Request for Payment" section on the back of each bond.</b></p> <ul style="list-style-type: none"> <li>● Ensure presenter has signed this section in your presence.</li> <li>● Have presenter insert his/her title (e.g., executor, administrator,.) if any, in your presence.</li> <li>● If the address on the face of a bond is incorrect, have presenter insert the current address on the back of one bond.</li> <li>● Insert the SSN of the presenter on one bond. Use the minor's SSN when paying a parent on behalf of the minor. Use the SSN or the EIN for the estate when paying an executor, administrator, or other fiduciary.</li> <li>● Notate how presenter was identified and evidence on back of bond.</li> </ul> <p><b>Determine value of the bonds, imprint and complete your payment stamp, and pay the presenter.</b></p> <p><i>Note:</i> Series EE bonds issued May 1997 or later and Series I bonds have a 3-month interest penalty if cashed within the first five years from the issue date. In these circumstances, the interest penalty is already taken into account in the Tables of Redemption Values.</p> <p><i>*References to bonds also apply to savings notes.</i></p> <p>Encourage bond owners to use the Savings Bond Wizard or Savings Bond Calculator. They can enter their bond information and price their bonds. They can also use these tools to keep an inventory of their bonds.</p> <p>The Savings Bond Wizard is available here:  <a href="http://www.treasurydirect.gov/indiv/tools/tools_saving_sbondwizard.htm">http://www.treasurydirect.gov/indiv/tools/tools_saving_sbondwizard.htm</a></p> <p>The Savings Bond Calculator is available here:  <a href="http://www.treasurydirect.gov/indiv/tools/tools_saving_sbondcalc.htm">http://www.treasurydirect.gov/indiv/tools/tools_saving_sbondcalc.htm</a></p>	<ul style="list-style-type: none"> <li>● Series F, G, J, K, and H/HH bonds.</li> <li>● Individual Retirement Bonds.</li> <li>● Retirement Plan Bonds.</li> <li>● Presenter is an attorney-in-fact.</li> <li>● Bonds owned by a corporation, partnership, or company.</li> <li>● Requests for payment of less than total redemption value.</li> </ul> <p><b>Identify the presenter (person redeeming the bond) using <i>The Guide to Cashing Savings Bonds (PD P 0022)</i> and determine the redemption limit, if any, using one of the three methods described under 'Acceptable Forms of Identification.'</b></p> <p><b>Complete the "Request for Payment" section on the back of each bond.</b></p> <ul style="list-style-type: none"> <li>● Ensure presenter has signed this section in your presence.</li> <li>● Have presenter insert his/her title (e.g., executor, administrator), if any, in your presence.</li> <li>● If the address on the face of a bond is incorrect, have presenter insert the current address on the back of one bond.</li> <li>● Insert the SSN of the presenter on one bond. Use the minor's SSN when a bond is presented by a parent on behalf of the minor. Use the SSN or the EIN for the estate when a bond is presented by an executor, administrator, or other fiduciary.</li> <li>● Notate how presenter was identified on back of bond.</li> </ul> <p><b>Certify the presenter's signature on the "Request for Payment" section on the back of the bonds by signing your name, title, and date, and by affixing your corporate seal or issuing/ paying agent validating stamp.</b></p> <p><b>Forward transaction to Treasury Retail Securities:</b></p> <ul style="list-style-type: none"> <li>● Include certified bonds and legal evidence, if any. (Evidence must be currently dated and bear an official seal.)</li> <li>● Provide affidavit for any name differences between bond registrations and evidence.</li> <li>● Provide ACH payment instructions.</li> <li>● Provide name and telephone number of contact person for problem resolution.</li> </ul>

# Acceptable Forms of Identification

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**Note:** See *The Guide to Cashing Savings Bonds* (PD P 0022) for complete details.

## Customer Identification

1. Ensure that the person who presents the bond for payment (presenter) is a customer whose name has been on the account for at least six months.
2. Have the presenter sign the “Request for Payment” section on the back of the bond.
3. Ensure that the signature on the bond compares favorably with the signature on file.
4. Write the account number on the back of the bond for identification purposes.
5. *There is no limit on redemption amount.*

## Personal Identification

1. Ensure that the presenter is identified by another person (identifier) who must be:
  - A customer whose name has been on the account for at least six months and whose signature compares favorably with one on file *or*
  - Personally known by an officer of your institution.
2. Ask questions to ensure the identifier knows the presenter by the name on the bond and that the source and duration of their acquaintance makes the identification reliable. On the back of the bond, note the source and duration of their acquaintance, following the examples in *The Guide to Cashing Savings Bonds* (PD P 0022).
3. Have the identifier sign the back of the bond and provide a current address.
4. Have the presenter sign the “Request for Payment” section on the back of the bond.
5. Write the account number of the customer identifying on the back of the bond for identification purposes.
6. *There is no limit on redemption amount.*

## Documentary Identification

*Note: Use this method when the presenter does not have an account at your institution or if the account was established less than six months ago. You can cash bonds for a non-customer with proper ID up to \$1,000 per transaction.*

1. Ask presenter to provide an ID document, listed as approved in *The Guide to Cashing Savings Bonds* (PD P 0022), and examine it to ensure:
  - It has the same name as shown on the bond.
  - The signature and the picture or physical description compare favorably with the presenter.
  - Nothing raises suspicion as to its authenticity.
2. On the back of the bond, note the type of ID used, following the examples in *The Guide to Cashing Savings Bonds* (PD P 0022).
3. Have the presenter sign the “Request for Payment” section on the back of the bond.
4. *Remember there is a limit of \$1,000 redemption value per transaction.*

# How to Help With a Savings Bond Reissue Transaction

In certain situations, savings bonds may be reissued to change the names or forms of registration. You may help your customer complete the proper form for this transaction.

*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.*



For more information on reissue transactions, see the Chapter 1 and Appendices C and D.

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1. Determine if the bond(s) is eligible for reissue. The following circumstances **prohibit** a bond(s) from being reissued:

- The bond has 30 days or less remaining to final maturity, or has reached final maturity and stopped earning interest.



See “Original and Final Maturity” section in Chapter 1.

- The only purpose of reissue is to (1) change denominations or (2) correct an address, a social security number, or a minor typographical error.

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2. Handle a bond eligible for reissue as follows:

- Complete a separate form for each new registration requested.
- If Series HH bonds are involved, the new owner must certify that the SSN is correct and that the owner is not subject to backup withholding. If the form used to request reissue does not bear this preprinted certification statement, the new owner must complete and sign IRS form W-9.
- If Series HH bonds are involved, the new owner should complete FS Form 5396.

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3. Have the presenter sign the form, and certify the presenter’s signature on the form by signing your name, title, and date, and by affixing your corporate seal or issuing/paying agent validating stamp. It is not necessary for the bond(s) to be signed and certified. The requirements for identifying the presenter are the same as for redeeming bonds.

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4. Forward reissue transactions to the address shown on the completed form.

- Include bonds, reissue and related forms, and legal evidence, if any. (Evidence must be currently dated and bear an official seal.)
- Provide a *Certificate of Identity* (FS Form 0385 E) for any name differences between the bond registrations and the evidence.
- Provide the name and telephone number of a contact person for problem resolution.

# List of Relevant Treasury Circulars



Treasury Circulars are available at <http://www.treasurydirect.gov/deptcircul.htm>

Subject	Treasury Regulations	Code of Federal Regulations
Offering of Series I	DCPD 1-98	31 CFR, Part 359
Regulations/Series I	DCPD 2-98	31 CFR, Part 360
Offering of Series EE	DCPD 1-80	31 CFR, Part 351
*Offering of Series HH	DCPD 2-80	31 CFR, Part 352
Regulations/Series EE and HH	DCPD 3-80	31 CFR, Part 353
*Regulations/Series E and H, Savings Notes, and matured Series A, B, C, D, F, G, J, and K	DC 530	31 CFR, Part 315
Regulations/Paying Agents	DC 750	31 CFR, Part 321
Paying Agent - Special Endorsement	DC 888	31 CFR, Part 330
General Regulations/US Securities	DC 300	31 CFR, Part 306
*Offering of Series E	DC 653	31 CFR, Part 316
*Offering of Series H	DC 905	31 CFR, Part 332
*Offering of Savings Notes	DCPD 3-67	31 CFR, Part 342
TreasuryDirect		31 CFR, Part 363

*\*Securities no longer offered for sale but regulations are still in effect for outstanding bonds and notes.*

# Contact List

## Treasury Retail Securities (TRS) Sites

The two Treasury Retail Securities sites are located at the Federal Reserve Bank of Minneapolis and at the Bureau of the Fiscal Service in Parkersburg. Savings bonds materials may be sent to the TRS site in Minneapolis. Treasury Retail Securities processes savings bond transactions and provides instructional materials for savings bond agents. Treasury Retail Securities also provides forms required for savings bond transactions, regulations and qualifications agreements, and other information.

### Minneapolis Treasury Retail Securities Site Quick Reference Guide for Savings Bond Paying Agents

If you have questions about...	Postal/Email/Online Contact Information...	Hours of Operation & Contact Numbers
U.S. Savings Bonds and Treasury Marketable Securities (Paper and Electronic)	Visit us online at <a href="http://www.treasurydirect.gov">www.treasurydirect.gov</a>	N/A
General Savings Bond Customer Service	Minneapolis TRS Site P.O. Box 214 Minneapolis, MN 55480-9109 Email: <a href="mailto:Savbonds@bpd.treas.gov">Savbonds@bpd.treas.gov</a>	<b>7:00 a.m. – 5:00 p.m. CT</b> Toll Free: 844-284-2676 Fax: 651-726-3235
Redemption and Reissue H/HH Bond Servicing	Minneapolis TRS Site P.O. Box 214 Minneapolis, MN 55480-0214	<b>7:00 a.m. – 5:00 p.m. CT</b> Toll Free: 844-284-2676 Fax: 651-726-3225
Ordering Forms/Supplies	Click here to order forms online or visit <a href="http://www.treasurydirect.gov/forms.htm">http://www.treasurydirect.gov/forms.htm</a>	<b>24-Hour Recorded Line</b> Toll Free: 844-284-2676
Overnight Mailings	FRB Minneapolis Savings Bonds Division 90 Hennepin Ave Minneapolis, MN 55401	N/A
Redeemed Savings Bond Clearing (Including Paper and Image Cash Letters and Adjustments)	Click here for more information on redeemed savings bond clearing, including mailing addresses for redeemed paper bond deposits or visit <a href="http://www.frbsecurities.org/treasury/index.html">http://www.frbsecurities.org/treasury/index.html</a>	<b>24-Hour Check Services Support</b> Toll Free: 877-372-2457

## Bureau of the Fiscal Service

Fiscal Service is the Treasury bureau tasked with administering the Savings Bonds program. Fiscal Service's Treasury Securities Services area supervises transactions involving savings bonds, savings notes, and retirement bonds, and also settles claims for lost, stolen, destroyed and mutilated bonds. Fiscal Service provides customer brochures and pamphlets for download at [http://www.treasurydirect.gov/instit/savbond/mat/mat\\_broch.htm](http://www.treasurydirect.gov/instit/savbond/mat/mat_broch.htm).

# 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 the 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 Treasury Retail Securities. 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 Treasury Retail Securities, 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 (FS Form 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 Treasury Retail Securities.

### **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 FS Form 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 PO Box 0214 Minneapolis, MN 55480-0214 for Series E, EE, or I bonds, or PO Box 2186 Minneapolis, MN 55480-2186 for Series H or HH bonds.

The owner should submit a claim on FS Form 1048, which is available from the Treasury Retail Securities sites 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 FS Form 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 FS Form 1048 rather than a FS Form 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 FS Form 1980.
  - Change the financial institution for depositing Series HH interest payments. The owner must complete FS Form 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 Treasury Retail Securities less than one full calendar month before final maturity. To ensure reissue, mail bonds to Treasury Retail Securities 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 the Bureau of the 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 one of the TRS sites, 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 Treasury Retail Securities 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 is 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 Treasury Retail Securities 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 Treasury Retail Securities.

## Glossary of Terms

Term	Definition
<b>Accrual Bond</b>	A bond that increases in value as interest is added to the principal. Both principal and interest are paid in a lump sum when the bond is redeemed. Series EE, I, retirement plan bonds, and individual retirement bonds are the currently outstanding accrual type securities. Series A through Series E, Series F bonds, and savings notes, all now matured, were also accrual type securities.
<b>Administered Estate</b>	An administered estate is supervised by the court and is one for which a legal representative has been appointed.
<b>Administrator/ Administratrix</b>	A person appointed by a court to administer the estate of a deceased person.
<b>Appreciation Type Security</b>	See Accrual Bond.
<b>Baby Bonds</b>	A name given to the Series A-1935 savings bond but carried over to Series B-1936, C-1937/1938, and D-1939/1941 (April) bonds.
<b>Beneficiary (POD)</b>	A person whose name appears second on a savings bond under the designation "POD" or "Payable on Death" and who becomes the sole owner of the bond upon the death of the owner.
<b>Beneficiary under a Trust</b>	The party for whose benefit a trust is created or who is entitled to the income from the trust. The beneficiary may also be called a <i>Donee</i> or the <i>Cestui que trust</i> .
<b>Bequest</b>	A gift by will of personal property; a legacy.
<b>Bond</b>	Any of the savings and retirement securities issued by the U.S. Government, including savings bonds, savings notes, retirement plan bonds, and individual retirement bonds.
<b>Bond of Indemnity</b>	An instrument stating a fixed sum as a penalty, binding the parties to pay that penalty unless one or more of the parties performs a certain act.
<b>Branch Number</b>	Four-digit number added to the ABA number to indicate a specific branch of a financial institution. Main offices are assigned four zeros as their branch numbers.

<b>Term</b>	<b>Definition</b>
<b>Certification</b>	Process by which a bank or other financial institution guarantees a signature in the request for payment on a savings bond, a detached request for a savings bond payment, a request for reissue, or other applications relating to savings bonds.
<b>Certified Copy</b>	Copies of original legal documents that contain a raised or impressed seal.
<b>Court of Probate</b>	A court having jurisdiction over the probate of wills, the grant of administration, and the supervision of the management and settlement of the estates of decedents, including the collection of assets, the allowance of claims, and the distribution of the estate. In some jurisdictions, such as New York and New Jersey, these courts are called Surrogate Courts.
<b>CPI-U</b>	Abbreviation for the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The index is used to determine the semiannual inflation rate applied to Series I bonds.
<b>Current Income Bond</b>	A bond on which interest is paid semiannually to the owner while the principal invested remains constant at face value. Series HH bonds are current-income type securities. Series G, H, and K bonds, now matured, were also current-income type bonds.
<b>Decedent</b>	A deceased person.
<b>Deflation</b>	A negative change over time in a price index (e.g. consumer price index) that measures changes in general price levels. Reflects an overall reduction in the volume of available money and credit, which results in a decline in price levels.
<b>Denomination</b>	The dollar amount shown on the face of the security ("face amount" or "face value") and designated by alpha codes at the beginning of the serial number: X - \$ 10 or \$10,000 Q - \$ 25 L - \$ 50 K - \$ 75 C - \$ 100 R - \$ 200 D - \$ 500 M - \$ 1,000 V - \$ 5,000
<b>Denominational Exchange</b>	Exchanging bonds of one denomination (face amount) for bonds of another denomination (face amount) within the same series and issue date.
<b>Executor/ Executrix</b>	The person appointed in a decedent's will to carry out the directions and requests in the will and to dispose of the property according to the testamentary provisions.

<b>Term</b>	<b>Definition</b>
<b>Extended Maturity Period</b>	An interest bearing period after the original maturity date during which a savings bond continues to earn interest. It's also sometimes referred to as an extension period.
<b>Face Value</b>	The denomination amount shown on the front of a savings bond.
<b>Fiduciary</b>	A person undertaking the duty to act primarily for another's benefit (e.g., executor, administrator, trustee, guardian).
<b>Fiduciary Capacity</b>	Relates to conducting business or handling property for the benefit of another person.
<b>Final Maturity</b>	The point at which a bond stops earning interest (Original maturity + extension [s] = final maturity). Also known as Final Extended Maturity Date.
<b>Identifier</b>	A person who establishes the identity of the presenter of a bond for payment or reissue.
<b>Incompetent/ Incapacitated Person</b>	An individual who is incapable of handling his or her business affairs because of a legal, mental, or medical disability, except for minors who are incompetent solely because of age.
<b>Individual Retirement Bonds</b>	Nontransferable accrual type securities sold to individuals eligible to participate in an Individual Retirement Account (IRA). The sale of these bonds was terminated April 30, 1982.
<b>Inflation-Indexed Security</b>	A bond that earns interest based in part on the percent change in the CPI-U index.
<b>Inscription</b>	See Registration.
<b>Interest</b>	Compensation at a specified rate which is paid for the use of money.
<b>Interest (Compound)</b>	Interest upon interest, where accrued interest is added to the principal sum, and the whole treated as a new principal, for the calculation of the interest for the next period.
<b>Interest (Simple)</b>	Compensation which is paid for the use of the principal (sum lent), at a certain rate made by law.
<b>Issue Date</b>	The first day of the month in which the bond was purchased. The issue date was entered in the upper right-hand corner of the bond. It is the basis for determining the interest rate, when the bond is eligible for payment, the amount at which an accrual type bond is redeemed, the interest payment dates on current income bonds, and the date the bond reaches maturity and ceases to earn interest.
<b>Issue Price</b>	The actual amount paid to purchase a savings bond. For example, Series E bonds were purchased for 75% of face value, and Series EE bonds were purchased for 50% of face value. Series I bonds were purchased for 100% of face value.

<b>Term</b>	<b>Definition</b>
<b>Legal Evidence</b>	Evidence required to process a savings bond transaction, such as death certificates, and letters of appointment.
<b>Legal Representative</b>	A person appointed by a court to act on behalf of the estate of another. This is a generic term encompassing all types of representatives, including executors, administrators, personal representatives, and guardians.
<b>Letters of Administration</b>	A document issued by the proper court appointing someone as an administrator of a decedent's estate.
<b>Letters Testamentary</b>	A document issued by the proper court appointing someone as an executor of a will.
<b>Minor</b>	A person who is under the age of legal competence; a person under the age of majority.
<b>Mutilated</b>	Bonds that are ripped, torn, or otherwise damaged after receipt by the bond owner.
<b>Nonadministered Estate</b>	An estate of a decedent that is not supervised by the court and for which a legal representative has not been appointed.
<b>Nonreceipt</b>	A registered bond reported lost, stolen, or destroyed before the bond owner or purchaser receives it. See Replacement.
<b>Original Maturity</b>	The initial period of time when a savings bond earns interest according to the terms and conditions in effect at the issue date.
<b>Par</b>	See Face Value.
<b>Person</b>	Any legal entity, including but not limited to, an individual, a partnership, a corporation (public or private), an unincorporated association, or a trust estate.
<b>Personal Representative</b>	In some states, a person appointed to administer the estate of a decedent is called a personal representative instead of an administrator or executor.
<b>Personal Trust Estate</b>	A trust estate established by natural persons in their own right for the benefit of themselves or other natural persons in whole or in part.
<b>Power of Attorney</b>	An instrument where a person (grantor) authorizes another (attorney-in-fact) to act on his or her behalf. The instrument itself is called a power of attorney. The person acting under the power is called an attorney-in-fact.
<b>Presenter</b>	Person requesting payment or reissue of a bond.

<b>Term</b>	<b>Definition</b>
<b>Principal Co-owner</b>	The co-owner whose funds were used to purchase the bonds or who received the bonds as a gift, as an inheritance, or through court proceedings and had the bonds reissued to add another person as co-owner without receiving contribution from that other person.
<b>Probate</b>	A judicial act or determination, by a court having competent jurisdiction, establishing the validity of a will. This means that the court is satisfied that the will is authentic and properly admissible in court and that the decedent was competent and under no undue influence when the will was made. The act or process of proving a will.
<b>Registration</b>	The social security number or employer identification number, names, and addresses appearing on the face of a bond. Same as Inscription.
<b>Replacement</b>	Issuance of a new bond when a bond is reported lost, stolen, destroyed, mutilated, or not received.
<b>Retirement Plan Bonds</b>	Nontransferable accrual type securities sold to individuals eligible to participate in the Keogh Act retirement savings program. Treasury terminated the sale of these bonds April 30, 1982.
<b>Revocable Trust</b>	A trust that the grantor may rescind or cancel.
<b>Routing Transit Number</b>	A 9-digit number (also known as ABA number) that identifies banks within the national banking system
<b>Savings Bond</b>	An official instrument issued by the U.S. Treasury or an authorized agent showing that money has been loaned to the U.S. Government and is payable to the person to whom it is registered. It is a contract between the Government and the bond owners. Each bond is a registered security for which a record is maintained by the Bureau of the Fiscal Service.
<b>Savings Note</b>	Nontransferable, accrual type security issued in registered form on a discount basis at 81 percent of face value in denominations of \$25, \$50, \$75, and \$100. Savings Notes, also called Freedom Shares, have not been issued since 1970.
<b>Savings Stamps</b>	Non-registered securities that were issued to apply toward the purchase price of Series E bonds. Stamps were sold at face amount in denominations of \$.10, \$.25, \$.50, \$1.00, and \$5.00 and do not earn interest. Treasury discontinued the sale of savings stamps June 30, 1970.
<b>Taxable Event</b>	A transaction that requires the reporting of interest deferred or earned from the issue date of the bonds to the date of the reissue transaction.
<b>Treasury Retail Securities (TRS) Site</b>	The Federal Reserve Bank in Minneapolis processes savings bond transactions. <i>See Appendix G for details.</i>
<b>Trust</b>	Property, real or personal, held by one party for the benefit of another.

<b>Term</b>	<b>Definition</b>
<b>Trust Agreement Trust Instrument</b>	<p>The document that specifies in writing the authority, duties, and rights of the parties involved. A trust instrument may be referred to by the following names:</p> <ol style="list-style-type: none"> <li>1. Declaration of Trust (D/T)</li> <li>2. Deed of Trust (D/T)</li> <li>3. Trust Indenture (T/I)</li> <li>4. Agreement of Trust (A/T)</li> <li>5. Trust Under a Will (U/W)</li> </ol> <p>While there are certain technical variations in the meaning of these terms, they may be considered synonymous when used in connection with savings bonds.</p>
<b>Trustee</b>	The party appointed to administer a trust.
<b>Trustor</b>	The party who creates a trust. The trustor may also be called the "Maker," "Donor," "Grantor," or "Settler." All of these terms are synonymous.
<b>Voluntary Guardian</b>	An individual who is recognized as authorized to act for an incapacitated person as provided in the regulations governing U.S. Savings Bonds (Section 315.64 of Department of the Treasury Circular 530 and Section 353.64 of Department of the Treasury Circular, Fiscal Service Series No. 3-80).
<b>Voluntary Representative</b>	A person qualified by the Department of the Treasury to request disposition of savings bonds and savings notes and/or related payments (not exceeding \$100,000) that belong to a decedent's estate when the estate is not being administered through the court.

## **Questions and Answers**

### **Series EE Savings Bonds Issued May 2005 and Thereafter**

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#### **What interest rate does a Series EE bond earn?**

Series EE savings bonds issued on and after May 1, 2005, will earn a fixed rate of interest, set at the time of purchase. The new rate will apply for the 30-year life of each bond, including a 10-year extended maturity period, unless a different rate or rate structure is announced for the extension period. Interest accrues monthly and is compounded semiannually.

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#### **How often will the fixed rate change for new issues of Series EE bonds?**

A fixed rate will be announced for new issues May 1 and November 1.

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#### **How is interest added to my Series EE savings bonds?**

Series EE savings bonds purchased on or after May 1, 2005 increase in value every month. The bond's interest rate is compounded semiannually.

---

#### **How will the fixed rate on Series EE bonds be determined?**

The Department of the Treasury will set the fixed rate administratively. The rate will be based on 10-year Treasury note yields and adjusted for features unique to savings bonds, such as the tax deferral feature and the option to redeem the savings bonds at any time after the initial 12-month holding period.

---

#### **How do you purchase Series EE bonds, and how long must they be held?**

Paper Series EE bonds are no longer available for purchase. Series EE savings bonds can be purchased in electronic form at face value by opening a TreasuryDirect account at [www.treasurydirect.gov](http://www.treasurydirect.gov). Purchase prices for electronic securities start at \$25. Bonds must be held at least one year from their issue date. A 3-month interest penalty applies to bonds not held at least 5 years.

---

#### **When will my Series EE bonds reach original maturity?**

EE bonds issued on and after May 1, 2005, will reach original maturity at 20 years. These bonds are also guaranteed to double in value from their issue price no later than 20 years after their issue dates. This is the bond's original maturity. If a bond does not double in value as the result of applying the fixed rate for 20 years, the Treasury will make a one-time adjustment at original maturity to make up the difference. During the 10-year extended maturity period that follows original maturity, bonds will earn interest at the fixed rate set at issue unless a new rate or new terms and conditions are announced for the extension period.

## **Questions and Answers**

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

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#### **What interest rate does my Series EE bond earn?**

Series EE savings bonds purchased on or after May 1, 1997 through April 2005, earn interest based on market yields for five-year Treasury securities. The rate is 90% of the average yields on five-year Treasury securities for the preceding six months.

---

#### **How long do I have to hold my Series EE bond before I can cash it?**

Effective February 2003, you can cash your bond any time after 12 months. However, if your bond is cashed before five years, a three-month interest penalty applies. In effect, you lose the last three months' worth of interest. For example, if you buy a bond in May 2004 and cash it 24 months later in May 2006, you get your original investment back plus 21 months of interest. The value of the bond would be based on the announced rates applied over the 21-month period from May 2004 to February 2006.

---

#### **How is interest added to my Series EE savings bonds?**

Series EE savings bonds purchased on or after May 1, 1997 through April 2005 increase in value every month. The bond's interest rate is compounded semiannually. The rate that Treasury announces each May and November is applied to a bond for the six-month earning period.

---

#### **How does Treasury set the rate for Series EE bonds?**

Series EE savings bonds purchased on or after May 1, 1997 through April 2005, earn the higher rate right from the start. The rate is 90 percent of the average five-year Treasury market yields for the preceding six months. Treasury announces a savings bond rate each May 1 and November 1. The rates announced each May and November are the annual rates that apply to bonds for that six-month earning period. For example, the six-month earning period for a bond issued in May is from May through October; for a bond issued in June, it's June through November. The rate that is announced is the rate bonds will earn during the next six-month earning period.

---

**When will my Series EE bond be worth face value?**

Since the interest rate can change each six months, there is no way to predict when your bond will be worth face value. A bond earning interest at an average rate of 5% per year, compounded semiannually, would reach face value no later than 14 <sup>1</sup>/<sub>2</sub> years after issue, while a bond earning interest at an average rate of 6% per year, compounded semiannually, would reach face value no later than 12 years after issue.

For bonds purchased May 1, 1997 through May 30, 2003, you are guaranteed that your bond will be worth at least face value at 17 years. If the interest rates have been too low for your bond to accrue enough interest to be worth face value at 17 years, Treasury will make a one-time adjustment to increase the redemption value to face value at that time.

For bonds purchased June 1, 2003 through April 2005, you are guaranteed that your bond will be worth at least face value at 20 years. If the interest rates have been too low for your bond to accrue enough interest to be worth face value at 20 years, Treasury will make a one-time adjustment to increase the redemption value to face value at that time.

---

**What happens after my Series EE bond reaches face value?**

Your bond will continue to earn interest until it is 30 years old.

---

**What will the interest be during this time?**

For Series EE bonds issued May 1997 through April 2005, the period from when your bond reaches face value to 30 years is called an “extension.” During the extension, your bond will earn interest at the rates in effect for that period.

## Questions and Answers

### Series EE Savings Bonds Issued May 1995 through April 1997

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#### What interest rate does my Series EE bond earn?

Your bond earns interest from purchase through original maturity (17 years) based on market yields for Treasury securities.

For the first 5 years, your bond earned the *short-term* rate.

From 5 years to 17 years, your bond earns the *long-term* rate.

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#### What are the *short-term* and *long-term* rates?

The *short-term* rate is 85% of the average of six-month Treasury security yields over the three months prior to May 1 and November 1.

The *short-term* rate is no longer announced because all bonds in this range are over five years old.

The *long-term* rate is 85% of the average of five-year Treasury security yields over the six months prior to May 1 and November 1.

The *long-term* rate is announced by Treasury each May 1st and November 1st to reflect changes in the market yield for Treasury securities.

To find out what the rates are for the current six months, call (844) 284-2676, or go to <http://www.treasurydirect.gov>.

---

#### How is the rate applied to my Series EE bond?

Based on the rate in effect at the beginning of each period, interest will be added to your bond every six months. For example, if you bought a \$100 Series EE bond in July 1996, you paid \$50. From January through June 2006, the bond earned interest based on the *long-term* rate of 3.41%, announced November 2005. On July 1, 2006, the value of your bond increased to \$73.40. From July 2006 through December 2006, your \$73.40 earned interest based on the *long-term* rate of 3.88%, announced May 2006.

---

#### When will my Series EE bond be worth face value?

Since the interest rate can change each six months, there is no way to predict when your bond will be worth face value. A bond earning interest at an average rate of 5% per year, compounded semiannually, would reach face value no later than 14 ½ years after issue while a bond earning interest at an average rate of 6% per year, compounded semiannually, would reach face value no later than 12 years after issue.

You are guaranteed that your bond will be worth at least face value at 17 years. If the interest rates have been too low for your bond to accrue enough interest to be worth face value at 17 years, Treasury will make a one-time adjustment to increase the redemption value to face value at that time.

**What happens after 17 years?**

Your bond will continue to earn interest for an additional 13 years, until it is 30 years old.

---

**What will the interest rate be during this time?**

For Series EE bonds issued May 1995 through April 1997, the period from 17 years to 30 years is called an “extension.” During the extension, your bond will earn interest at the rates in effect for that period.

## **Questions and Answers**

Series EE Savings Bonds Issued November 1982 through April 1995

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**What interest rate does my Series EE bond earn?**

Your bond earns interest based on *market-based investment yields* or *guaranteed minimum investment yields*.

Go to [http://www.treasurydirect.gov/indiv/tools/tools\\_savingsbondcalc.htm](http://www.treasurydirect.gov/indiv/tools/tools_savingsbondcalc.htm) to access the Savings Bond Calculator.

---

**What do you mean “or”?**

**How do I know which one applies to my five-year old or older Series EE bond?**

Actually, they both apply. Treasury calculates the value of your bond two ways, using the *market-based investment yield* and *guaranteed minimum investment yield*, and gives you the better overall return.

---

**But how can I know what my Series EE bond is earning now?**

Go to [http://www.treasurydirect.gov/indiv/tools/tools\\_savingsbondcalc.htm](http://www.treasurydirect.gov/indiv/tools/tools_savingsbondcalc.htm) to access the Savings Bond Calculator.

**What is a *market-based investment yield*?**

**How is it applied to my five-year old or older Series EE bond?**

---

Each May 1st and November 1st, Treasury determines an average of five-year Treasury security yields from the preceding six months. Each time your bond is due to increase in value, Treasury re-calculates the bond's *market-based* redemption value from the issue date. The averages of the Treasury security yields for the six-month earning periods are added together and divided by the number of semiannual periods since the bond was issued. The result is multiplied by 85% and rounded. This one rate is applied for each semiannual period since the bond was issued.

**Can you give me an example?**

If you bought a bond in June 1985, by December 1994, the bond was 9 ½ years old. During the 9 ½ years, there were 19 six-month interest earning periods. For each earning period, there is an applicable five-year Treasury security yield. To determine the *market-based* December 1994 value of your bond, the 19 average five-year Treasury security yields were added together and divided by 19. The result was multiplied by 85% and then rounded to the nearest ¼ of one percent (.25%). The result was the *market-based investment yield*. The *market-based* worth of your bond on December 1994 was calculated by applying this yield, or rate, to the entire 9 ½ years.\*

A year later, to determine the *market-based investment yield* for your bond for December 1995, the applicable average five-year Treasury security yields for the interest periods December 1994 through May 1995 and June 1995 through November 1995 were added to those for the other 19 six-month interest earning periods and divided by 21 to obtain the average. This was multiplied by 85%; but this time the result was rounded to the nearest one-hundredth of one percent (.01%). The *market-based* worth of your bond for December 1995 was calculated by applying this yield to the entire 10 ½ years.

\*Note: All redemption values calculations are performed on a hypothetical base denomination of \$25. Redemption values for bonds of greater denominations are in direct proportion according to the ratio of denominations, i.e. a \$50 bond would be worth twice the value of the base denomination, a \$200 bond would be worth 8 times the value of the base denomination.

---

**Why is the rounding to .25% in some cases and .01% in others?**

When bonds are issued, an original maturity period is established. (Your 1985 bond had an original maturity period of 10 years.) After original maturity, bonds may be held for additional extensions of maturity. During maturity periods that began before May 1989, rounding of the market-based investment yield is to the nearest ¼ of one percent. If the current maturity period was entered on or after May 1, 1989, the rounding is to the nearest one hundredth of one percent.

---

**What are the original maturity periods for my Series EE bonds?**

For bonds dated November 1982 through October 1986, it is 10 years.

For bonds dated November 1986 through February 1993, it is 12 years.

For bonds dated March 1993 through April 1995, it is 18 years.

---

**Where does the *guaranteed minimum investment yield* come in?**

**How does it apply to my Series EE bond?**

When Treasury first offered a *guaranteed minimum* return in November 1982, the rate for the original maturity period was set at 7.5% per year, compounded semiannually. Effective with bonds issued November 1986, the rate was reduced to 6% per year, compounded semiannually. You had to hold a bond no less than five years to receive the *guaranteed minimums*. For bonds issued March 1993 through April 1995, the rate is 4% from issue date. With each offering, Treasury established a table of redemption values for the original maturity period based on the *guaranteed minimum* return promised.

**Can you give me an example?**

Let's use your June 1985 bond again. When you bought this bond, Treasury promised that if you held the bond at least five years then you would receive a return of no less than 7.5% per year, compounded semiannually, during the original maturity period of the bond. In December 1994, the bond had not reached original maturity and had been held at least five years; therefore, the redemption value reflected a yield of the promised 7.5% per year, compounded semiannually, from the issue date to December 1994.

---

**What happens after my Series EE bond reaches original maturity?**

For original maturity, Treasury has established a table of redemption values which reflects the **guaranteed minimum** rate promised. After the bond reaches original maturity, it enters an extension. The **guaranteed minimum** during the extension will be the rate in effect at the time the extension starts, right now 4% per year, compounded semiannually. During the first extension, each time a bond is due to increase in value, Treasury re-calculates the bond's **guaranteed minimum** redemption value starting with what the bond is guaranteed to be worth at original maturity, and applies the **guaranteed minimum** rate for the current extension to each interest period since original maturity.

---

**Can you give me an example?**

On June 1, 1995, your June 1985 bond reached original maturity. At that time, the value of your bond reflected the guaranteed rate of 7.5%. By December 1995, your bond had one interest earning period in extended maturity. When your bond entered the extended maturity period, the guaranteed minimum in effect for extensions was 4%. To determine the December 1995 guaranteed minimum value of your bond, the interest rate of 4% per year, compounded semiannually, is applied to the June 1995 value for one semiannual period.

---

**You said the "first extension." Is there more than one extension?**

The first extension is 10 years. The bond then enters a second extension, earning interest until it is 30 years old. During the second extension, Treasury re-calculates the bond's guaranteed minimum redemption value, starting with what the bond is guaranteed to be worth at the end of the first maturity and applying the rate in effect when the second maturity was entered for each interest period since.

---

**If I go to the bank and cash my Series EE bond, will I receive a redemption value that is calculated with either the *market-based investment yield* or *guaranteed minimum investment yield*, whichever makes my bond worth more?**

Yes.

**With this method, I can't compare a *market-based* return with a *guaranteed minimum investment yield* for a six-month period?**

That's correct. The *market-based investment yield* and *guaranteed minimum investment yield* result from two separate, competing calculations. Overall market-based return from the bond's date of issue is compared with overall guaranteed return from that date. This approach does not involve comparing a market-based return with a guaranteed minimum investment yield for the current year or six-month period.

---

**Can you give me an example?**

Taking a June 1986 bond as an example, the *market-based investment yield* was 6.11% per year compounded semiannually, from June 1, 1986, to June 1, 1997. Over that same period, the overall *guaranteed minimum investment yield* for the bond was greater, 7.18% per year, compounded semiannually, including two six-month periods (June 1, 1996 to June 1, 1997) at 4% per year, compounded semiannually, as well as earnings at the higher rate of 7.5% per year, compounded semiannually, during the preceding 10 years (20 six-month periods from June 1, 1986 to June 1, 1996).

As bonds have entered an extension since March 1, 1993, many bond owners have observed that their bonds are increasing in value at 4% per year, compounded semiannually, and expressed concern because every market-based rate they have seen or heard of is higher. However, when comparing returns (market-based versus guaranteed minimum), Treasury is not looking just at the 4% per year, compounded semiannually, alone. Treasury is looking at the overall guaranteed minimum return since each bond was issued, and comparing that with the overall market-based return over the same period.

## Questions and Answers

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### Series E/EE Savings Bonds & Savings Notes **Issued Before November 1982**

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**What interest rate is used to calculate what my Series EE bond or note is worth?**

All savings notes, Series E, bonds, and Series EE bonds issued before November 1982 have stopped earning interest.

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**How can I know what my bond is worth?**

Go to [http://www.treasurydirect.gov/indiv/tools/tools\\_savingsbondcalc.htm](http://www.treasurydirect.gov/indiv/tools/tools_savingsbondcalc.htm) to access the Savings Bond Calculator.

---

**If I go to the bank and cash my Series E/EE bond or note, I will receive a redemption value that is calculated with either the *market-based investment yield* or *guaranteed minimum investment yield*, whichever makes my bond or note worth more?**

From the issue date until the bond or note first increased in value on or after November 1982, increases in its value were based on the rate of return promised when the bond or note was issued and on adjustments to that rate made when Treasury announced rate increases. If you held the bond or note at least five years after the date it first increased in value on or after November 1, 1982, the difference in the value of your bond or note from the date of that first increase on or after November 1, 1982, and the redemption value you receive is based on the *market-based investment yield* or the *guaranteed minimum investment yield*, whichever increases the value of your bond or note more overall.

# Questions and Answers

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## Series I Savings Bonds

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### What interest rate does a Series I bond earn?

The overall interest rate of a Series I bond consists of two rates: a fixed rate and an inflation rate.

The fixed rate for Series I bonds is announced each May and November, and applies to all bonds issued during the six-month period beginning at the announcement date. The fixed rate is locked in at the time of purchase, and remains the same for the life of the bond. The fixed rate will always be greater than or equal to 0.00%. However, the fixed rate is not a guaranteed minimum rate; the composite rate could possibly be less than the fixed rate in deflationary situations. A deflation rate can be thought of as a negative inflation rate. The semiannual inflation rate—whether it is negative or positive—is combined with the fixed rate to produce the composite rate.

The inflation rate is also announced each May and November. It is based on changes in the Consumer Price Index for all Urban Consumers (CPI-U). The inflation rate is combined with the bond's fixed rate to determine the composite earnings rate of the bond every six months.

The composite earnings rate changes every six months from a Series I bond's issue date. For example, the composite earnings rate for a Series I bond issued in March changes every March and September.

For complete information, and a chart of historical rates, please see

[http://www.treasurydirect.gov/indiv/research/indepth/ibonds/res\\_ibonds\\_iratesandterms.htm](http://www.treasurydirect.gov/indiv/research/indepth/ibonds/res_ibonds_iratesandterms.htm)

---

### How long must I hold my Series I bond before I may redeem it?

You may redeem your Series I bond any time after 12 months from the bond's issue date. However, a 3-month interest penalty applies to bonds not held for at least 5 years.

---

### How is interest added to my Series I savings bonds?

Series I savings bonds increase in value every month. The bond's interest rate is compounded semiannually. The composite inflation rate announced by the Treasury each May and November is applied to a Series I bond for the six-month earning period.

---

### How does the Treasury set the rates for Series I bonds?

The Department of the Treasury will set the fixed rate administratively. The inflation rate is based on the percentage of change in the Consumer Price Index for all Urban Consumers (CPI-U) every six months.

To view the formula for determining the rates, please see

[http://www.treasurydirect.gov/indiv/research/indepth/ibonds/res\\_ibonds\\_iratesandterms.htm](http://www.treasurydirect.gov/indiv/research/indepth/ibonds/res_ibonds_iratesandterms.htm)

## Redeeming Paper Bonds Purchased by a Trustee or Custodian as an IRA Investment

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- A savings bond paying agent may redeem paper Series EE and I savings bonds that were purchased by, issued to, and registered to show the name and fiduciary capacity of a trustee or custodian authorized by the IRS to offer and manage IRAs. These paper bonds would have been issued before 2012. Payment is requested by and made to the financial institution or organization that is designated on the bonds as the trustee or custodian. Payment must be in accordance with the Treasury's Guide to Cashing Savings Bonds.
- **The trustee or custodian must determine whether:**
  - The redemption proceeds will be rolled over into another retirement savings arrangement qualified under the Internal Revenue Code; OR,
  - 10% of the entire redemption proceeds will be withheld for federal income tax purposes.
- **Reporting redemptions:** Use IRS Form 1099-R to report redemptions of savings bonds registered in the names of trustees/custodians for IRA's. **DO NOT USE IRS Form 1099-INT.**
  - **Reporting to payees:** Furnish IRS Forms 1099-R to payees by January 31 following the year of redemption.
  - **Reporting to the IRS:** Furnish IRS Forms 1099-R to the IRS by February 28 following the year of redemption. Transmit hard copy IRS Forms 1099-R to the IRS under cover of IRS Form 1096. Use IRS Form 4804 for electronic reporting in accordance with IRS requirements.

### Miscellaneous Facts About Savings Bonds Bought as an IRA Investment

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- **Trustee/custodian involvement:** The trustee/custodian for the IRA designated in registrations on paper savings bonds must have been fully involved in the decision to buy the bonds and in submitting the purchase application (before 2012).
- **Using savings bonds for an IRA investment:** Institutions qualified as IRA trustees/custodians and as savings bond agents were allowed to use paper savings bonds as IRA funding vehicles before 2012. However, no institution or agent was required to do so. IRA trustees/custodians were not required to make the public aware that savings bonds could have been used in this manner.
- **Reporting rules:** When bonds were purchased in the financial institution's name as an IRA trustee/custodian, the financial institution should have followed any and all reporting rules it then was required to observe in opening and maintaining its own IRA accounts.
- **Procedures for closing IRA account:** When bonds registered in an IRA trustee's/custodian's name and fiduciary capacity are going to be redeemed, the following should be offered: 10% withholding or a tax-free rollover. The transaction should be reported on IRS Form 1099-R. Trustees/custodians should follow any other normal procedures and rules they ordinarily observe in closing IRA accounts offered to their own depositors. For control purposes, trustees/custodians that are also paying agents may redeem bonds in their names as IRA fiduciaries rather than submitting the bonds to another institution or Treasury Retail Securities for redemption.

# **Treasury Retail Securities Sites Address (For Forwarding Items Only)**

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## **Accrual Savings Bonds**

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PO Box 0214  
Minneapolis, MN  
55480-0214

## **Current Income Savings Bonds**

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PO Box 2186  
Minneapolis, MN  
55480-2186

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