

Changes to U.S. Savings Bonds: Frequently Asked Questions

1. What changes are happening to the way U.S. Savings Bonds are sold?

Paper Series EE and I Savings Bonds will no longer be sold through financial institutions or mail-in orders after December 31, 2011. Savings bonds aren't going away, though. You can purchase electronic savings bonds online through TreasuryDirect at www.treasurydirect.gov.

2. Why is the U.S. Department of the Treasury ending sales of paper savings bonds?

Ending sales of paper savings bonds will save taxpayers an estimated \$70 million over the next five years. In addition, unlike paper savings bonds, electronic savings bonds aren't easily lost or misplaced. And with TreasuryDirect, you can manage your savings securely online, anytime.

3. Does this change end *all* sales of paper bonds?

Yes, with the exception of the Tax Time Bond Program introduced in 2010. Tax filers can purchase paper Series I Savings Bonds with their federal tax refunds. Otherwise, there will be no other way to buy paper savings bonds.

4. I already have paper savings bonds. What will happen to them?

Existing paper savings bonds are valid issues of the Treasury Department and will earn interest for 30 years from the issue date or until redeemed. You can redeem paper bonds at most local financial institutions. You also can convert your paper savings bonds to electronic savings bonds in TreasuryDirect using a program called SmartExchange. There's no charge to convert paper bonds. No earned interest will be lost, and the bonds will keep their original issue dates and current interest rate terms.

5. I've been buying paper bonds to pay future college expenses. Can I still do so?

While paper savings bonds no longer will be available, the same education tax benefit and rules apply to electronic savings bonds in TreasuryDirect.

6. I like to give savings bonds as gifts. Can I still do so?

Yes. You can buy electronic savings bonds as gifts in TreasuryDirect. You can hold the bonds in your gift box area in TreasuryDirect until you're ready to electronically deliver them to the gift recipient. The recipient must have a TreasuryDirect account (or be named on a minor linked account if under 18 years old.)

7. What is TreasuryDirect?

TreasuryDirect is a secure web-based system through which you can establish accounts to purchase, hold, and manage Treasury securities online, anytime. In TreasuryDirect, you can purchase Series EE and I Savings Bonds, Treasury bills, notes, bonds and TIPS (Treasury Inflation-Protected Securities).

8. Why should I use TreasuryDirect?

- You can buy, manage and redeem Treasury securities online 24/7, from the convenience of home, work, or wherever you have secure Internet access.
- In addition to savings bonds, you can buy and manage marketable Treasury securities: Treasury bills, notes, bonds and TIPS (Treasury Inflation-Protected Securities).
- You can establish multiple registrations in one account.
- You can set up a simple payroll savings plan to automatically invest in savings bonds.
- You can schedule recurring purchases for savings bonds and marketable securities.
- Your savings bonds purchases are generally added to your account in just one business day.
- Since the securities are electronic, there is no paper to lose, and no need to go to a local financial institution to redeem them.
- When the funds are needed, and after the minimum holding period has been reached, you can redeem part or all of your savings bonds. The payment will be deposited to your checking or savings account, and the funds should reach your financial institution in just one business day.
- You can establish accounts for minor children and for specific purposes such as education or vacations.
- You can view and print your account summary, including recent purchases, payments and account balance.

9. How do I sign up for a TreasuryDirect account?

You can apply for a TreasuryDirect account in just three steps which take about 10 minutes at www.treasurydirect.gov. You will need to provide a few pieces of personal information, including your Social Security number or taxpayer identification number, e-mail address, and bank account and routing number. Finally, you will choose a password, password reminder and security questions. Once you complete all three steps, you will receive an e-mail from TreasuryDirect with your account number and an access card will arrive in the mail within 14 days that will enable you to manage your account. To view a video about opening a TreasuryDirect account, visit http://www.treasurydirect.gov/indiv/tools/tools_video.htm.

10. To use TreasuryDirect, do I need to have a bank account, Internet access and an e-mail account?

Yes. You will need to have an account at a financial institution to receive direct deposit payments and as a potential funding source for purchases. You also will need Internet access to view and use your account. Finally, an e-mail address is necessary so you can receive important messages about your account. TreasuryDirect is Section 508 compliant to meet the needs of persons with disabilities.

11. Is the TreasuryDirect website safe and secure?

Yes. The infrastructure TreasuryDirect resides on is well protected and the TreasuryDirect system uses several features to ensure the safety of the information you provide and the transactions you perform. For example:

- **Secure Sockets Layer Technology (SSL):** TreasuryDirect uses SSL which is a common protocol for sending payment information securely over the Internet. SSL works by using a private, mathematical key to encrypt (or scramble) data transferred between your web browser and the website you're visiting.
- **Access Card:** When you open a TreasuryDirect account, we'll send you an access card in the mail within two weeks. Your account number, password, and access card are needed each time you log in to your TreasuryDirect account. You can view a demonstration of how an access card works at www.treasurydirect.gov/indiv/help/TDTutorial/tutorial.htm.
- **Virtual Keyboard:** TreasuryDirect uses a virtual keyboard to help protect your password.
- **Password:** You choose your own password and can change it any time.
- **Customer Hold:** As an added security feature, TreasuryDirect allows you to place a hold on your account if you feel your account access information has been compromised.
- **Paper Forms:** For your protection, changes to your bank information and certain security transfers require the submission of a signed and certified paper form.

12. Will the annual savings bond purchase limit change, in light of the decision to stop selling paper savings bonds?

No. Savers can continue to purchase up to \$5,000 of electronic Series EE Savings Bonds and \$5,000 of electronic Series I Savings Bonds. Tax filers could purchase an additional \$5,000 paper bonds using their tax refund.

13. Tax filers can purchase paper Series I Savings Bonds with their tax refunds. Will those purchases count against the purchase limit through TreasuryDirect?

No, paper Series I Savings Bonds purchased with tax refunds have a separate purchase limit of \$5,000 per year per Social Security number.

14. How can I learn more about electronic savings bonds, Treasury securities, or TreasuryDirect?

Visit www.treasurydirect.gov for more information. Customer Service number: (888) 333-7010