

FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, December 4, 1961

ANNUAL LIMIT OF \$20,000 RESTORED ON SERIES H SAVINGS BONDS

**To All Banking Institutions and Others Concerned
in the Eleventh Federal Reserve District:**

On November 24, the Treasury Department made public the following statement:

“The Treasury today announced that after January 1, 1962 up to \$20,000 in Series H savings bonds may be purchased annually by any one buyer. Since 1957, the limit has been \$10,000.

“The annual limit on both E and H savings bonds was reduced from \$20,000 to \$10,000 on May 1, 1957, after having been set at the higher figure in 1952. The new ruling will not change the present limit of \$10,000 on E bonds, face value.

“Acting Secretary Robert V. Roosa said the current restoration of the \$20,000 purchase limitation on H bonds comes as a result of the Treasury’s four and a half year’s experience with the lower amount, and a growing demand by smaller institutional investors for a higher limit. Such investors — partnerships, corporations, pension funds, and others — have been eligible buyers of these securities only since 1958.

“Interest is payable on these bonds semi-annually by check, and amounts to an investment yield of 3¾ percent if held for the full 10-years until maturity.

“Records show that about 8 percent of H bond cash sales are made to investors other than individuals, while the figure is less than 2 percent for E bonds. Thus, the demand for a higher purchase limit primarily involved H bonds.

“Purchases of Series H bonds are up by 14 percent this year. Cash sales for the first 10 months of 1961 were \$703 million, as compared with \$616 million for the same period of 1960.”

Please note that the \$20,000 limitation will become effective after January 1, 1962. Your assistance in acquainting your customers with the change in the limitation on holdings of these bonds will be appreciated.

Yours very truly,

Watrous H. Irons

President