FEDERAL RESERVE BANK OF DALLAS

FISCAL AGENT OF THE UNITED STATES

Dallas, Texas, January 18, 1963

RETIREMENT PLAN BOND

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

On January 10, the Secretary of the Treasury announced the offering of United States Retirement Plan Bonds under the Self-Employed Individuals Tax Retirement Act of 1962. A press release announcing the offering is enclosed. Accompanying the announcement is the following material relating to the issuance, servicing and redemption of Retirement Plan Bonds:

Circular letter addressed to the principal executive officers of banks and other financial institutions by the Secretary of the Treasury.

Summary of terms and conditions on United States Retirement Plan Bond.

Digest of questions and answers on United States Retirement Plan Bond.

Treasury Department Circular No. 1-63 which contains the general regulations governing Retirement Plan Bonds.

Application forms.

The Treasury Department has indicated that bankers may wish to advise their customers to proceed with great care in formulating their retirement plans and in making investments under such plans. If there is reasonable doubt on the part of applicants as to either their eligibility to purchase Retirement Plan Bonds or the nature of their retirement plans, they should wait until the definitive regulations are published by the Internal Revenue Service.

Applications for Retirement Plan Bonds will be received at this bank and its branches at El Paso, Houston and San Antonio; however, all transactions involving issue, reissue and redemption of the bonds will be processed only at the Dallas office.

Yours very truly,

Watrous H. Irons

President

THE SECRETARY OF THE TREASURY
WASHINGTON

January 18, 1963

TO THE PRINCIPAL EXECUTIVE OFFICERS OF BANKS
AND OTHER FINANCIAL INSTITUTIONS

On January 10, 1963, the Treasury announced the offering of a new Retirement Plan Bond to be issued in accordance with the provisions of the Self-Employed Individuals Tax Retirement Act of 1962.

In connection with the processing of applications for the purchase and redemption of these bonds, we are turning to the banking community, which has served the Treasury so well in the past, to again request their services in the national interest.

Retirement Plan Bonds will be issued and redeemed only at Federal Reserve Banks or Branches, or by the Office of the Treasurer of the United States. However, we are requesting banks and other financial institutions to handle applications for the issue and redemption of these bonds, as they do for Series H Savings Bonds, for transmittal to the issuing agents. As in the case of Series H Savings Bonds, the Treasury will accept payment for the bonds through credits to Treasury Tax and Loan Accounts.

We do not contemplate that initially the amounts involved in the sale of Retirement Plan Bonds will be large, nor do we expect that most banks will have a great many inquiries. It is important, however, that everyone eligible for the benefits of the Self-Employed Individuals Tax Retirement Act of 1962 and who desires to use Retirement Plan Bonds should have readily available to him the facilities for putting this form of retirement plan into operation. It is only through the cooperation of the thousands of banks and other financial institutions throughout the country that this will be possible. It is with a feeling of gratitude for the many services which the banks have rendered to the Treasury Department over the years that we are asking the banking community to perform still another service in the public interest.

We are mindful of the burden which will be placed upon bankers in coping with the questions of their customers with respect to the many complicated features of the Act under which the Retirement Plan Bonds are being issued. Some of these questions cannot be answered conclusively until the Internal Revenue Service publishes its complete regulations on the 1962 Act. These regulations are now in the process of formulation and will be published as promptly as possible. In the meantime, we recognize that bankers will be expected to be responsive to their customers' questions. In order to give you as complete information as is possible at this time, I have attached for your reference a copy of the press release announcing the offering of the Retirement Plan Bonds, a copy of the regulations under which the bonds are being issued and a set of questions and answers pertaining to the bonds.

In the light of the many complexities involved, some of which will not be resolved until the regulations are issued by the Internal Revenue Service, bankers might want to advise their customers to proceed with great care in setting up their retirement plans and in making investments under such plans. If your customers are confident of their eligibility under the Act and confident that their investment plans will meet the requirements of the Act, there is no reason why they should not proceed. If, on the other hand, there is any reasonable doubt either as to the eligibility of your customers or the nature of their retirement plans, you might want to advise your customers to wait until the definitive regulations are published by the Internal Revenue Service. In any event, the full 1963 tax benefits will be available to your customers as long as their retirement plans are put into effect by the end of calendar year 1963.

Sincerely yours,

Douglas Dillon

Secretary of the Treasury

Attachments

January 10, 1963

SUMMARY OF TERMS AND CONDITIONS
ON
UNITED STATES RETIREMENT PLAN BOND

(For detailed information on the terms and conditions, Treasury Department Circular, Public Debt, Series No. 1-63 should be consulted)

A.	Effective date:	January 1, 1963
B.	Issuing and Paying Agencies	Federal Reserve Banks and branches or the Office of the Treasurer of the United States.
C.	Denominations:	$50, $100, $500, $1,000
D.	Issue date:	First day of month in which payment is received by an issuing agent.
E.	Maturity date:	Interest ceases 5 years after death of the individual in whose name bond is purchased.
F.	Interest:	Interest accrues through increase in redemption value at beginning of each half-year period providing an investment yield of 3.75 per cent, compounded semi-annually.
G.	Redeemability:	Not redeemable except in case of death or disability, until owner attains age 59-1/2 years.
H.	Partial Redemption:	If face value is greater than $50, and only in amounts corresponding to authorized denominations.
I.	Reissue:	Bonds will be reissued to add, eliminate, or substitute a beneficiary.

J.	Safety:	Bonds will be reissued if lost, stolen, or destroyed.
K.	Taxation:	Bonds are subject to estate, inheritance or other excise taxes, whether Federal or State.
L.	Income tax privileges:	Certain deduction for all or part of purchase price of bonds for the taxable year of purchase.
M.	Income Tax Liability:	When self-employed person redeems bonds, liability accrues for interest earned on bond and for amount of deduction taken for the year of purchase. When employee redeems bonds, liability accrues for interest on bonds and for any amount contributed toward purchase price by employer.
N.	Registration - Eligible Subscribers:	May be registered only in name of employee or self-employed person for whom purchased, in single ownership and beneficiary forms.
O.	Redeemability prior to maturity at option of Treasury:	None
P.	Nontransferance:	Bonds cannot be transferred, sold, or used as collateral.
Q.	Annual Limitation:	Purchases in any one year up to $5,000 in the name of one owner.

Digest of Questions and Answers on
United States Retirement Plan Bond

1. Q. What is a Retirement Plan Bond?

   A. A bond offered by the Treasury, pursuant to Public Law 87-792, approved October 10, 1962, for purchase under the new bond purchase plans authorized by the Act or by pension or profit-sharing trusts qualifying for special tax treatment under the Internal Revenue Code.

2. Q. Who may have a Bond Purchase Plan?

   A. Generally everyone can who is self-employed and has earnings from services which he renders. This includes lawyers, doctors, dentists, engineers, architects, and other professional persons, practicing individually or in partnership, and any persons who are sole owners of an unincorporated business. In addition, any corporation may establish a bond purchase plan for its employees.

3. Q. Must a bond purchase plan be in the form of a written plan?

   A. Yes.

4. Q. Must a purchaser submit a copy of his plan in order to buy these bonds?

   A. No. However, the application form requires the purchaser to certify that the bonds are being purchased for a bond purchase plan or a pension or profit-sharing plan. The latter plans are generally established by larger companies and involve a trustee who administers the plan.

5. Q. If a self-employed individual sets up a retirement plan for himself, must he provide retirement benefits for any of his employees?

   A. If he is a sole proprietor or a partner with more than a 10 percent interest, he must provide retirement benefits under a plan for all full time employees with at least three years of service.

6. Q. How much must a self-employed individual contribute for his employees under a bond purchase plan?

   A. He must make contributions for his employees which bear the same ratio to their salary or wages as his contributions for himself bear to his earnings.

7. Q. How much may a self-employed individual deduct for income tax purposes for Retirement Plan Bonds he purchases under a bond purchase plan?

   A. He may deduct one-half of the purchase price of the bonds he buys for himself, but with a maximum annual deduction of 5% of his earned income or $1,250, whichever is less. Also, he may generally deduct the full amount of the purchase price of the bonds which he buys for his employees.

8. Q. When will Retirement Plan Bonds be available for issuance?

   A. Sometime during the latter part of January.

9. Q. What is the issue price of a bond?

   A. Bonds are issued at par in denominations of $50, $100, $500 and $1,000.

10. Q. What rate of interest is paid on the bonds?

    A. 3-3/4% per annum, compounded semiannually.

11. Q. How is interest paid on the bonds?

    A. Interest accrues through increase in redemption value at the end of each six-month period after issue date.

12. Q. From what date will the bonds earn interest?

    A. From the first day of the month in which payment for the bonds is received by a Federal Reserve Bank or Branch or the Office of the Treasurer of the United States.

13. Q. What agencies will issue the bonds?

    A. Federal Reserve Banks and Branches and the Office of the Treasurer of the United States, Washington 25, D. C.

14. Q. Will banks and other financial institutions participate in the issuance of the bonds?

    A. They are not authorized to issue the bonds but they may transmit applications therefor to the Federal Reserve Bank of their District.

15. Q. How may the bonds be inscribed?

    A. Only in the names of individuals in single ownership or beneficiary form. A bond must be registered in the name of the particular employee or self-employed individual for whom it is purchased.

16. Q. Can a beneficiary on a bond be changed without his consent?

    A. Yes.

17. Q. Is there any limit on the amount of bonds that may be purchased?

    A. Yes; purchases in any one calendar year are limited to $5,000 in the name of any one owner.

18. Q. When will the bonds mature?

    A. The maturity date is indeterminate, but the accrual of interest ceases five years after the date of the death of the owner.

19. Q. When can the bonds be redeemed?

    A. Not until the owner attains age 59-1/2 years, except in cases of death or disability.

20. Q. What is disability?

    A. Disability to such an extent that the owner is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration.

21. Q. Are the bonds transferable?

    A. No; they cannot be transferred, sold or used as collateral.

22. Q. May the bonds be purchased by an individual over the age of 59-1/2 years?

    A. Yes.

23. Q. May trusts purchase the bonds?

    A. Yes; but the bonds must be inscribed in the names of individuals.

24. Q. If an individual not qualified to do so mistakenly purchases a bond, will the purchase price of the bond be refunded to him before he attains age 59-1/2 years?

    A. Yes.

25. Q. Will a prospective bond owner have to furnish proof of date of birth at the time an application for the issuance of a bond is submitted?

    A. No; the date of birth shown in the application will be recorded on the bond and the owner may be required to prove his birth date at the time the bond is redeemed.

26. Q. What will be the value of a $100 bond twenty years after its issue date?

    A. $210.23.

27. Q. Will the bonds be replaced if lost, stolen, destroyed or mutilated?

    A. Yes, upon giving satisfactory proof thereof.

28. Q. Are the bonds subject to the Federal income tax?

    A. Yes; when a self-employed individual redeems a bond, he must include in his income tax return for the year in which the bond is redeemed the entire interest earned on the bond and the amount taken as a deduction on his Federal income tax return concerned for year bond was purchased.

When an employee redeems a bond, he must include in his income tax return the entire interest earned on the bond and the amount contributed by his employer towards purchase of the bond.

29. Q. To what other taxes are the bonds subject?

A. The bonds are subject to estate, inheritance, or other excise taxes, whether Federal or State, but they are not subject to other State taxes.

30. Q. Will the interest earned on the bonds be accorded capital gains treatment at the time the bonds are redeemed?

A. No; they will be accorded ordinary income tax treatment.

31. Q. If a bond owner dies without having designated a beneficiary on his bonds or providing for their disposition in a will, to whom will the bonds be paid?

A. To a designated list of survivors in the order in which they are listed in the Treasury's regulations governing the bonds.

U. S. Treasury Department
Washington
January 1963

UNITED STATES TREASURY DEPARTMENT

REGULATIONS

GOVERNING

UNITED STATES RETIREMENT PLAN BONDS

Department Circular
Public Debt Series—No. 1-63

January 10, 1963

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1963

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REGULATIONS GOVERNING UNITED STATES RETIREMENT PLAN BONDS

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Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, January 10, 1963.

SEC. 341.0. *Offering of bonds.*—The Secretary of the Treasury, under the authority of the Second Liberty Bond Act, as amended, and pursuant to the Self-Employed Individuals Tax Retirement Act of 1962, offers for sale, effective as of January 1, 1963, bonds of the United States, designated as United States Retirement Plan Bonds. The bonds will be available for investment only to (1) bond purchase plans and (2) pension and profit-sharing plans, as described in Sections 405 and 401, respectively, of the Internal Revenue Code of 1954. This offering of bonds will continue until terminated by the Secretary of the Treasury.

SEC. 341.1. *Description of bonds.*—(a) *Investment yield (interest).*—United States Retirement Plan Bonds, hereinafter sometimes referred to as Retirement Plan Bonds, will be issued at par. The investment yield (interest) on the bonds will be 3¾ percent per annum, compounded semiannually, as set forth in the table of redemption values appended to this circular. Such interest will be paid only upon redemption of the bonds. The accrual of interest will continue until the bonds have been redeemed or have reached maturity, whichever is earlier, in accordance with these regulations.

(b) *Term.*—The maturity date of any bond issued under this circular shall be indeterminate, but unless sooner redeemed in accordance with these regulations, its investment yield will cease on the interest accrual date coinciding with, or, where no such coincidence occurs, the interest accrual date next preceding, the first day of the sixtieth (60th) month following the date of death of the person in whose name it is registered.

(c) *Denominations—issue date.* — Retirement Plan Bonds will be available only in registered form and in denominations of $50, $100, $500, and $1,000. At the time of issue, the issuing agent will enter in the upper right-hand portion of the bond the *issue date* (which shall be the first day of the month and year in which payment of the purchase price is received by an authorized issuing agent), and will imprint the agent's validating stamp in the lower right-hand portion. The issue date, as distinguished from the date in the agent's validating stamp, will determine the date from which interest will begin to accrue on the bond. A Retirement Plan Bond shall be valid only if an authorized issuing agent receives payment therefor, duly inscribes, dates, stamps, and delivers it.

SEC. 341.2. *Registration.* — (a) *General.* — The registration of Retirement Plan Bonds is limited to the names of natural persons in their own right, whether adults or minors, in either single ownership or beneficiary form. A bond registered in beneficiary form will be inscribed substantially as follows (for example): "John A. Doe payable on death to (*or* P.O.D.) Richard B. Roe." No more than one beneficiary may be designated on a bond.

(b) *Inscription.*—The inscription on the face of each bond will show the name, address, date of birth, and the social security account number of the registered owner, as well as information as to whether he is a self-employed individual or an employee, and the amount he contributed (if any) out of his own funds toward the purchase price of the bond. In the case of any self-employed individual (who is treated as an employee for the purpose of Sections 405 and 401 of the Internal Revenue Code of 1954), this amount would be that portion of the purchase price he contributed (if any) as an employee and which he will not take into account in determining the amount deductible for Federal income tax purposes. The name of the beneficiary, if one is to be designated, will also be shown in the inscription.

SEC. 341.3. *Purchase of bonds.*—(a) *Agencies.*—Retirement Plan Bonds may be purchased over-the-counter or by mail from Federal Reserve Banks and Branches and the Office of the Treasurer of the United States, Washington 25, D.C.

Customers of commercial banks and trust companies may be able to arrange for the purchase of the bonds through such institutions, but only the Federal Reserve Banks and Branches and the Treasurer's Office are authorized to act as official agencies, and the date of receipt of the application and payment by an official agency will govern the dating of the bonds issued.

(b) *Applications.*—Applications for the purchase of Retirement Plan Bonds should be made on Form PD 3550, accompanied by a remittance to cover the purchase price. Personal checks will be accepted, subject to collection. Checks, or other forms of exchange, should be drawn to the Federal Reserve Bank or Treasurer of the United States, as the case may be. Checks payable by endorsement are not acceptable.

(c) *Delivery.*—Delivery of bonds will be made in person, or by mail at the risk and expense of the United States at the address given by the purchaser, but only within the United States, its territories and possessions, the Commonwealth of Puerto Rico, and the Canal Zone. No mail deliveries elsewhere will be made. If the registered owner temporarily resides abroad, the bonds will be delivered to such address in the United States as the purchaser directs.

SEC. 341.4. *Proof of purchase.*—At the time a Retirement Plan Bond is issued, the issuing agent will furnish therewith to the purchaser, and in cases where the purchaser is different from the person in whose name the bond is inscribed, to the registered owner as well, proof of the purchase on Form PD 3550. The form will show the names and addresses of the purchaser and of the registered owner, the latter's date of birth, social security account number and his classification (i.e., self-employed individual or employee), the number of bonds issued, a description thereof by issue date, serial numbers, denominations, and registration, together with information as to the amount of his contributions (if any) toward the purchase price of the bonds.

SEC. 341.5. *Limitation on holdings.*—The limit on the amount of any Retirement Plan Bonds issued during any one calendar year that may be purchased in the name of any one person as registered owner is $5,000 (face value).

SEC. 341.6. *Nontransferability.*—United States Retirement Plan Bonds are not transferable, and may not be sold, discounted or pledged as collateral for a loan or as security for the performance of an obligation, or for any other purpose.

SEC. 341.7. *Judicial proceedings.*—No judicial determination will be recognized which would give effect to an attempted voluntary transfer inter vivos of a Retirement Plan Bond. Otherwise, a claim against a registered owner will be recognized when established by valid judicial proceedings, but in no case will payment be made to the purchaser at a sale under a levy or to the officer authorized to levy upon the property of the owner under appropriate process to satisfy a money judgment unless or until the bond has become eligible for redemption pursuant to these regulations. Neither the Treasury Department nor any of its agencies will accept notices of adverse claims or of pending judicial proceedings or undertake to protect the interests of litigants who do not have possession of the bond.

SEC. 341.8. *Payment or redemption during lifetime of owner.*—(a) *At age 59½ or thereafter.*—A Retirement Plan Bond will be redeemable at its current redemption value upon the request of the registered owner (or a person recognized as entitled to act on his behalf), provided he is 59½ years of age or older. The owner's age will be determined from the date of birth shown on the face of the bond, provided, however, that the Secretary of the Treasury reserves the right in any case or class of cases to require proof, in the form of a duly certified copy of his birth certificate, that the owner has attained the age of 59½ years. If such evidence is unavailable, one of the following documents may be furnished in lieu thereof:

(1) Church records of birth or baptism
(2) Hospital birth record or certificate
(3) Physician's or midwife's birth record
(4) Certification of Bible or other family record
(5) Military, naturalization or immigration records
(6) Other evidence of probative value

Similar documentary evidence will also be required to support any claim made by an owner that the date of birth shown on his bond is incorrect.

(b) *Prior to age 59½ years.*—A Retirement Plan Bond will be paid at its then current redemption value upon a registered owner's request (or by a person recognized as entitled to act on his behalf) prior to his attainment of age 59½ years upon submission of a physician's statement or any similar evidence showing that the owner has become disabled to such an extent that he is unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. The following are examples of impairments which would ordinarily be considered as preventing substantial, gainful activity:

(1) Loss of use of two limbs.

(2) Certain progressive diseases which have resulted in the physical loss or atrophy of a limb, such as diabetes, multiple sclerosis, or Buerger's disease.

(3) Diseases of the heart, lungs, or blood vessels which have resulted in major loss of heart or lung reserve as evidenced by X-ray, electrocardiogram, or other objective findings, so that despite medical treatment breathlessness, pain, or fatigue is produced on slight exertion, such as walking several blocks, using public transportation, or doing small chores.

(4) Cancer which is inoperable and progressive.

(5) Damage to the brain or brain abnormality which has resulted in severe loss of judgment, intellect, orientation, or memory.

(6) Mental diseases (e.g., psychosis or severe psychoneurosis) requiring continued institutionalization or constant supervision of the individual.

(7) Loss or diminution of vision to the extent that the affected individual has a central visual acuity of no better than 20/200 in the better eye after best correction, or has a limitation in the fields of vision such that the widest diameter of the visual fields subtends an angle no greater than 20 degrees.

(8) Permanent and total loss of speech.

(9) Total deafness uncorrectible by a hearing aid.

In any case coming under the provisions of this paragraph, the evidence referred to above must be submitted to the Bureau of the Public Debt, Division of Loans and Currency, Washington 25, D.C., for approval before any bonds may be paid. If, after review of the evidence, the Secretary of the Treasury is satisfied that the owner's disability has been established, a letter will be furnished authorizing payment of his Retirement Plan Bonds. This letter must be presented each time any of the owner's bonds are submitted for payment to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States.

(c) *Requests for payment.*—(1) *By owner.*—When redemption of any Retirement Plan Bond is desired by the registered owner under (a) above, it should be presented, with the request for payment on the back of the bond signed and duly certified, to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States, Washington 25, D.C. If payment is requested under (b) above, the letter described therein should accompany the bond.

(2) *By person other than owner.*—When redemption of any Retirement Plan Bond is desired by the legal guardian, committee, conservator, or similar representative of the owner's estate under (a) above, it should be presented, with the request signed as described below, to a Federal Reserve Bank or Branch or to the Office of the Treasurer of the United States. If payment is requested under (b) above, the letter described therein should accompany the bond.[1] The request for payment, in either case, should be signed by the representative in his fiduciary capacity before an authorized certifying officer, and must be supported by a certificate or a certified copy of the letters of the appointment from the court making the appointment, under seal, or other proof of qualification if the appointment was not made by a court. Except in the case of corporate fiduciaries, such evidence should state that the appointment is in full force and should be dated not more than one year prior to the presentation of the bond for payment.

(d) *Partial redemption.*—A Retirement Plan Bond in a denomination greater than $50 (face value) which is otherwise eligible for redemption may be redeemed in part, at current redemption value, upon the request of the registered owner (or a person recognized as entitled to act on his behalf), but only in amounts corresponding to authorized denominations. In any case in which

[1] In any case in which a legal representative has not been appointed for the estate of a registered owner who has attained the age of 59½ years, or who has become disabled, a person seeking payment of a bond on the owner's behalf should furnish a complete statement of the circumstances to the Bureau of the Public Debt, Division of Loans and Currency, Washington 25, D.C. Appropriate instructions will then be furnished.

partial redemption is desired, before the request for payment is signed, the phrase "to the extent of $------ (face value) and reissue of the remainder" should be appended to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date. No partial redemption of a bond will be made after the death of the owner in whose name it is registered.

Sec. 341.9. *Payment or redemption after death of owner.*—(a) *Order of precedence where owner not survived by beneficiary.*—If the registered owner of a Retirement Plan Bond dies before it has been presented and surrendered for payment, and there is no beneficiary shown thereon, or if the designated beneficiary predeceased the owner, the bond shall be paid in the following order of precedence:

(1) To the duly appointed executor or administrator of the estate of the owner, who should sign the request for payment on the back of the bond in his representative capacity before an authorized certifying officer, such request to be supported by a court certificate or a certified copy of his letters of appointment, under seal of the court, which should show that the appointment is in full force and effect, and be dated within six months of its presentation;

(2) If no legal representative of the deceased registered owner's estate has been or will be appointed, to the widow or widower of the owner;

(3) If none of the above, to the child or children of the owner and the descendants of deceased children by representation;

(4) If none of the above, to the parents of the owner, or the survivor of them;

(5) If none of the above, to other next-of-kin of the owner, as determined by the laws of the domicile of such owner at the time of his death.

In any case coming under the provisions of this paragraph, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary, if any, will be required where he predeceased the owner. Payment of bonds under (1) will be made by a Federal Reserve Bank or Branch or by the Office of the Treasurer of the United States, Washington 25, D.C. Payment of bonds under (2) to (5) will be made upon receipt of applications on Form PD 3565, together with the bonds and supporting evidence, by the Bureau of the Public Debt, Division of Loans and Currency, Washington 25, D.C.

(b) *Order of precedence where beneficiary survived owner.*—If the registered owner of a Retirement Plan Bond dies before it has been presented and surrendered for payment, and the beneficiary shown thereon survived the owner, the bond shall be paid in the following order of precedence:

(1) To the designated beneficiary upon his presentation and surrender of the bond with the request for payment signed and duly certified, such payment to be made to the exclusion of any other person who may have been named beneficiary by the registered owner in a bond purchase plan, or under a pension or profit-sharing plan;

(2) If the designated beneficiary survived the registered owner but failed to present the bond for payment during his own lifetime, payment will be made in the order of precedence specified in (1) to (5) of paragraph (a) above to the legal representative, surviving spouse, children, parents, or next-of-kin of such beneficiary, and in the manner provided therein.

In any case coming under the provisions of this paragraph, a duly certified copy of the registered owner's death certificate will ordinarily be required. Proof of death of the beneficiary will also be required where he survived the owner but failed to present the bond for payment during his own lifetime. Payment of a bond to a designated beneficiary will be made by a Federal Reserve Bank or Branch or by the Treasurer of the United States, Washington 25, D.C.

(c) *Ownership of redemption proceeds.*—The orders of precedence set forth in (a) and (b) above, except in cases where redemption is made for the account of a registered owner, are for the Department's convenience in discharging its obligation on a Retirement Plan Bond. The discharge of the obligation in accordance therewith shall be final so far as the Department is concerned, but those provisions do not otherwise purport to determine ownership of the redemption proceeds of a bond.

Sec. 341.10. *Reissue.*—(a) *Addition or change of beneficiary.*—A Retirement Plan Bond will be reissued to add a beneficiary in the case of a single ownership bond, or to eliminate or substitute a beneficiary in the case of a bond registered in beneficiary form upon the owner's request on Form PD 3564. No consent will be required to support any reissue transaction from a beneficiary whose name is to be removed from the registration of a Retirement Plan Bond. If the registered owner dies after the bond has been presented and surrendered for reissue, upon receipt of notice thereof by the agency to which the request for reissue was submitted, such request shall be treated as ineffective, provided the notice of death is received by the Federal Reserve Bank or Branch or the Office of the Treasurer of the United States, Washington 25, D.C., to which the request was sent, in sufficient time to withhold delivery, by mail or otherwise, of the reissued bond.

(b) *Error in issue—change of name.*—Reissue of a Retirement Plan Bond will be made where an error in issue has occurred, as well as in cases where the owner's name has been changed by marriage, divorce, annulment, order of court, or in any other legal manner, upon appropriate request, supported by satisfactory evidence. Information as to the procedure to be followed in securing such reissue may be obtained from a Federal Reserve Bank or the Office of the Treasurer of the United States, Washington 25, D.C.

SEC. 341.11. *Use of power of attorney.*—No designation of an attorney, agent, or other representative to request payment or reissue on behalf of the owner, beneficiary, or other person entitled under Section 341.9, other than as provided in these regulations, will be recognized.

SEC. 341.12. *Lost, stolen, or destroyed bonds.*—If a Retirement Plan Bond is lost, stolen, or destroyed, a substitute may be issued upon identification of the bond and proof of its loss, theft, or destruction. A description of the bond by denomination, serial number, issue date and registration should be furnished at the time the report of loss, theft, or destruction is made. Such reports should be sent to the Bureau of the Public Debt, Division of Loans and Currency, Washington 25, D.C. Full instructions for obtaining substitute bonds will then be given.

SEC. 341.13. *Taxation.*—The tax treatment provided under Section 405 of the Internal Revenue Code of 1954 shall apply to all Retirement Plan Bonds. The bonds are subject to estate, inheritance, or other excise taxes, whether Federal or State, but are exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, municipality, or any local taxing authority. Inquiries concerning the application of any Federal tax to these bonds should be directed to the District Director of Internal Revenue of the taxpayer's district or to the Internal Revenue Service, Washington 25, D.C.

SEC. 341.14. *Certifying officers.*—Officers authorized to certify requests for payment or for any other transaction involving Retirement Plan Bonds include:

(a) *Post offices.*—Any postmaster, acting postmaster, or inspector-in-charge, or other post office official or clerk designated for that purpose. A post office official or clerk, other than a postmaster, acting postmaster, or inspector-in-charge, should certify in the name of the postmaster or acting postmaster, followed by his own signature and official title. Signatures of these officers should be authenticated by a legible imprint of the post office dating stamp.

(b) *Banks and trust companies.*—Any officer of a Federal Reserve Bank or Branch, or of a bank or trust company chartered under the laws of the United States or those of any State, Commonwealth, or Territory of the United States, as well as any employees of such bank or trust company expressly authorized to act for that purpose, who should sign over the title "Designated Employee." Certifications by any of these officers or designated employees should be authenticated by either a legible imprint of the corporate seal, or, where the institution is an authorized issuing agent for United States Savings Bonds, Series E, by a legible imprint of its dating stamp.

(c) *Issuing agents of Series E savings bonds.*—Any officer of a corporation or any other organization which is an authorized issuing agent for United States Savings Bonds, Series E. All certifications by such officers must be authenticated by a legible imprint of the issuing agent's dating stamp.

(d) *Foreign countries.*—In a foreign country requests may be signed in the presence of and be certified by any United States diplomatic or consular representative, or the manager or other officer of a foreign branch of a bank or trust company incorporated in the United States whose signature is attested by an imprint of the corporate seal or is certified to the Treasury Department. If such an officer is not available, requests may be signed in the presence of and be certified by a notary or other officer authorized to administer oaths, but his official character and jurisdiction should be certified by a United States diplomatic or consular officer under seal of his office.

(e) *Special provisions.*—The Commissioner of the Public Debt, the Chief of the Division of Loans and Currency, or any Federal Reserve Bank or Branch is authorized to make special provision for certification in any particular case or class of cases where none of the officers authorized above is readily accessible.

Sec. 341.15. *General provisions.*—(a) *Regulations.*—All Retirement Plan Bonds shall be subject to the general regulations prescribed by the Secretary with respect to United States securities, which are set forth in Treasury Department Circular No. 300, current revision, to the extent applicable. Copies of the general regulations may be obtained upon request from any Federal Reserve Bank or Branch or the Office of the Treasurer of the United States.

(b) *Reservation as to issue of bonds.*—The Secretary of the Treasury reserves the right to reject any application for the purchase of Retirement Plan Bonds, in whole or in part, and to refuse to issue or permit to be issued any such bonds in any case or any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final.

(c) *Additional requirements.*—In any case or any class of cases arising under this circular the Secretary of the Treasury may require such additional evidence as may in his judgment be necessary, and may require a bond of indemnity, with or without surety, where he may consider such bond necessary for the protection of the United States.

(d) *Waiver of requirements.*—The Secretary of the Treasury reserves the right, in his discretion, to waive or modify any provision or provisions of this circular in any particular case or class of cases for the convenience of the United States, or in order to relieve any person or persons of unnecessary hardship, if such action is not inconsistent with law, does not impair any existing rights, and he is satisfied that such action would not subject the United States to any substantial expense or liability.

(e) *Fiscal agents.*—Federal Reserve Banks and Branches, as fiscal agents of the United States, are authorized to perform such services as may be requested of them by the Secretary of the Treasury in connection with the issue, delivery, redemption, reissue, and payment of Retirement Plan Bonds.

(f) *Reservation as to terms of circular.*—The Secretary of the Treasury may at any time, or from time to time, supplement or amend the terms of this circular, or any amendments or supplements thereto.

Douglas Dillon,
Secretary of the Treasury.

TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 3¾ PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JANUARY 1, 1963

Table shows how the Retirement Plan Bonds bearing issue dates beginning January 1, 1963, by denomination, increase in redemption value during successive half-year periods following issue. The redemption values have been determined to provide an investment yield of 3.75 percent[1] per annum, compounded semiannually, on the purchase price from issue date to the beginning of each half-year period. The period to maturity is indeterminate in accordance with the provisions of Sec. 341.1(b) of this circular.[2]

Issue Price	$50.00	$100.00	$500.00	$1,000.00
Period after issue date	Redemption values during each half-year period (Values increase on first day of period shown)			
First ½ year	$50.00	$100.00	$500.00	$1,000.00
½ to 1 year	50.94	101.88	509.38	1,018.75
1 to 1½ years	51.89	103.79	518.93	1,037.85
1½ to 2 years	52.87	105.73	528.66	1,057.31
2 to 2½ years	53.86	107.71	538.57	1,077.14
2½ to 3 years	54.87	109.73	548.67	1,097.33
3 to 3½ years	55.90	111.79	558.95	1,117.91
3½ to 4 years	56.94	113.89	569.43	1,138.87
4 to 4½ years	58.01	116.02	580.11	1,160.22
4½ to 5 years	59.10	118.20	590.99	1,181.98
5 to 5½ years	60.21	120.41	602.07	1,204.14
5½ to 6 years	61.34	122.67	613.36	1,226.72
6 to 6½ years	62.49	124.97	624.86	1,249.72
6½ to 7 years	63.66	127.31	636.57	1,273.15
7 to 7½ years	64.85	129.70	648.51	1,297.02
7½ to 8 years	66.07	132.13	660.67	1,321.34
8 to 8½ years	67.31	134.61	673.06	1,346.11
8½ to 9 years	68.57	137.14	685.68	1,371.35
9 to 9½ years	69.85	139.71	698.53	1,397.07
9½ to 10 years	71.16	142.33	711.63	1,423.26
10 to 10½ years	72.50	144.99	724.97	1,449.95
10½ to 11 years	73.86	147.71	738.57	1,477.13
11 to 11½ years	75.24	150.48	752.42	1,504.83
11½ to 12 years	76.65	153.30	766.52	1,533.05
12 to 12½ years	78.09	156.18	780.90	1,561.79
12½ to 13 years	79.55	159.11	795.54	1,591.07
13 to 13½ years	81.05	162.09	810.45	1,620.91
13½ to 14 years	82.56	165.13	825.65	1,651.30
14 to 14½ years	84.11	168.23	841.13	1,682.26
14½ to 15 years	85.69	171.38	856.90	1,713.80
15 to 15½ years	87.30	174.59	872.97	1,745.94
15½ to 16 years	88.93	177.87	889.34	1,778.67
16 to 16½ years	90.60	181.20	906.01	1,812.02
16½ to 17 years	92.30	184.60	923.00	1,846.00
17 to 17½ years	94.03	188.06	940.31	1,880.61
17½ to 18 years	95.79	191.59	957.94	1,915.87
18 to 18½ years	97.59	195.18	975.90	1,951.80
18½ to 19 years	99.42	198.84	994.20	1,988.39
19 to 19½ years	101.28	202.57	1,012.84	2,025.67
19½ to 20 years	103.18	206.37	1,031.83	2,063.66
20 to 20½ years [2]	105.12	210.23	1,051.17	2,102.35

[1] Based on redemption values of $1,000 bond.

[2] At a future date prior to January 1, 1983 (20 years after issue date of the first bonds) this table will be extended to show redemption values for periods of holding of 20½ years and beyond.

TREASURY DEPARTMENT

WASHINGTON, D.C.

January 10, 1963

FOR IMMEDIATE RELEASE

NEW TREASURY RETIREMENT PLAN BOND OFFERED

The Secretary of the Treasury today announced the offering of United States Retirement Plan Bonds under the Self-Employed Individuals Tax Retirement Act of 1962.

Applications for the bonds will be available at banks and other financial institutions during the week of January 21. Bonds bought during January will bear interest from January 1, 1963.

Like Series H Savings Bonds, the new bonds may be purchased at any Federal Reserve Bank or branch, or direct from the Office of the Treasurer of the United States, the only authorized issuing agents. Banks and other financial institutions will take applications for issue and redemption of these bonds, as they do for Series H Savings Bonds, for transmittal to the issuing agents. Like Savings Bonds, the bonds will bear interest from the first of the month in which the authorized issuing agent receives payment for them.

The bonds will be sold at par in denominations of $50, $100, $500,and $1,000, and will provide an investment yield of 3-3/4 percent a year, compounded semi-annually. Interest, together with the principal, will be paid only upon redemption. The bonds will increase in redemption value at the end of each half-year period following their issue date. In accordance with the law and regulations contained in the attached Department Circular Number 1-63, the bonds cannot be redeemed until their owners reach 59-1/2 years of age, except upon the owner's death or disability. Interest on the bonds stops five years after the death of the person in whose name it is registered.

The Retirement Bonds may only be registered in the names of natural persons in single ownership or beneficiary form. They may be purchased only in connection with bond purchase plans and pension and profit sharing plans as described in the 1962 Act.

The new retirement bonds must be registered in the name of the self-employed person or the employee for whom they are bought.

Bond purchase plans using the new retirement plan bonds and meeting the requirements of the new law will enjoy income tax advantages similar to those granted to pension and profit sharing plans. Self-employed persons can deduct from income subject to tax up to $1250 annually for contributions to their own retirement. When a self-employed person redeems his bond he becomes liable, for income tax purposes, for the interest earned on the bond, and for the amount of the deduction when the bond was purchased. When an employee redeems his bonds he is subject to tax for the interest on the bonds and any amount contributed by his employer.

Because the bonds represent a form of savings and have some features comparable to Series E and H Savings Bonds, their sales will be reflected in Savings Bonds reports. No yearly sales goal will be set for these bonds; nor will they be promoted within the framework of special Savings Bond campaigns. However, since Savings Bonds representatives work closely with banks and other financial institutions in promoting and servicing the Savings Bonds program, their assistance in this new area should materially aid in the understanding of the terms and conditions of the Retirement Bonds.

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