



WILLIAM H. WALLACE
FIRST VICE PRESIDENT

FEDERAL RESERVE BANK
OF DALLAS

DALLAS, TEXAS 75222

May 31, 1985

Circular 85-73

TO: All member banks and others concerned
in the Eleventh Federal Reserve District

SUBJECT

U.S. Savings Bonds booklet

DETAILS

A new publication of the Federal Reserve Bank of Dallas -- "U.S. Savings Bonds" -- is now available to the public. This 28 page booklet was created to give basic information about savings bonds. The booklet will be updated yearly.

ATTACHMENTS

Attached is a a copy of the new publication.

MORE INFORMATION

For further information please contact this Bank's Public Affairs Department at (214) 651-6289.

Sincerely yours,

A handwritten signature in cursive script that reads "William H. Wallace".

U.S. SAVINGS BONDS

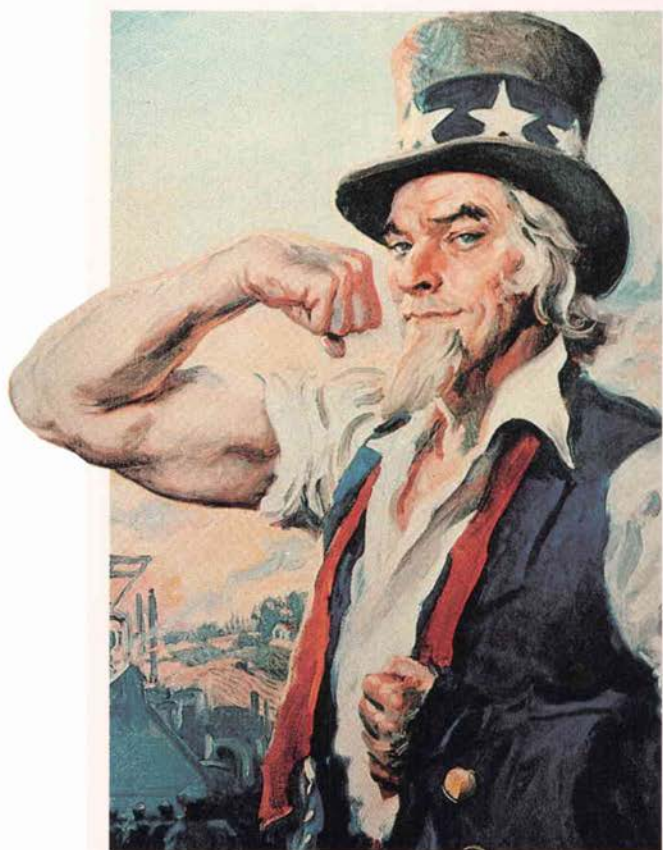


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Series Available

There are two series of savings bonds presently available: ***Series EE*** and ***Series HH***.

Denomination

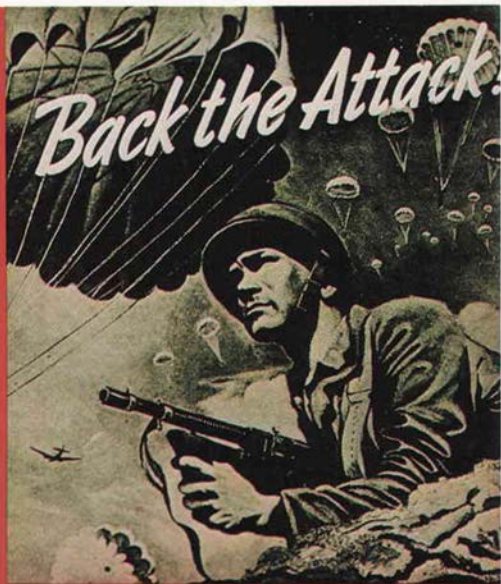
Series EE Bonds: \$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000, \$10,000. The corresponding issue prices (costs) for these denominations are: \$25, \$37.50, \$50, \$100, \$250, \$500, \$2,500, \$5,000. (*Example: A \$50 Series EE Savings Bond costs \$25.*)

Series HH Bonds: \$500, \$1,000, \$5,000, \$10,000. Series HH Bonds are obtained at face value (a \$500 Series HH Bond costs \$500).

NOTE: Series HH Bonds are available only on exchange for eligible Series EE Bonds, Series E Bonds, Savings Notes or through the authorized reinvestment of the redemption proceeds of matured Series H Bonds.

advertising industry to help raise \$15,000,000,000
War Finance Division, U. S. TREASURY

3rd WAR LOAN



The greatest promotion in the history of the outdoor

Interest

Series EE Bonds appreciate in value until they mature. Their redemption value increases from the third month from issue through the eighteenth month and semiannually thereafter. Therefore, the interest on an EE Bond accumulates and is received when the bond is redeemed.

NOTE: The interest on Series EE Bonds does not accrue daily, but only on two days of every year. The interest accrual dates are:

- (1) the anniversary of its issue date
- (2) the midpoint between anniversary dates

Thus, an owner who is considering an exchange would do well to do so on or shortly after an interest accrual date.

Series HH Bonds offer current income; interest is paid by Treasury check every six months. Interest checks are mailed automatically to the owner or first-named co-owner at the address shown on the HH Bond. The checks may be cashed by either co-owner. If the subscriber would like the interest checks sent to a different address than the one on the bond, specific instructions should be entered on the exchange application.



HEY
GANG!

Keep on licking
war savings stamps
-they're full of
VITAMIN



Interest Rates

Series EE Bonds bought on or after Nov. 1, 1982, pay a variable market-based interest rate, with a guaranteed minimum of 7.5 percent, if the bonds are held at least five years. The interest rate is reset every six months and is based on 85 percent of the average return on outstanding five-year Treasury securities.

Each May and November, the Treasury Department compiles the average market interest rate on all Treasury marketable securities that are five years from their maturity during the previous half year. The rate on EE Bonds for the following six months is 85 percent of that figure. At the end of five years, the 10 semi-annual averages are added and averaged. That average is compounded on a semiannual basis to determine a bond's five-year yield. Series EE Bonds held longer than five years have additional semiannual market averages computed in and compounded. Series EE Bonds held less than five years earn interest on a fixed graduated scale, rising from 5.5 percent after one year to 7.5 percent at five years. Older Series E and EE Bonds still outstanding and earning interest five years from their first semiannual interest accrual dates on or after November 1, 1982, also earn market-based interest if it is higher than their guaranteed rates. These older bonds retain their guaranteed yields as a minimum to the end of their current initial or extended maturity periods.

NOTE: Future interest rates cannot be predicted. For information purposes only, past market-based rates calculated by the Treasury Department have been:

Through April 30, 1983	11.09%
May 1, 1983—Oct. 31, 1983	8.64%
Nov. 1, 1983—April 30, 1984	9.38%
May 1, 1984—Oct. 31, 1984	9.95%
Nov. 1, 1984—April 30, 1985	10.94%
May 1, 1985—Oct. 31, 1985	9.49%

Series HH Bonds earn a fixed 7.5 percent per annum. The market-based interest rate does not apply to HH Bonds.

She's Ready, Too



BUY

WAR BONDS

Issue Date

Series EE: The issue date is the first day of the month in which full payment is received by any issuing agent, Federal Reserve Bank or Branch or the Department of the Treasury.

Series HH: The issue date is the first day of the month in which Series E, Series EE or Savings Notes are redeemed in exchange for Series HH Bonds.

Maturity

Series EE Bonds: The original maturity for Series EE Bonds is set at 10 years, based on the time it takes a bond to grow from issue price to face value at the guaranteed minimum rate. If the market-based rate is higher than the guaranteed minimum rate, the bonds will reach face value in a shorter period.

Series HH Bonds reach maturity 10 years after purchase.

Extensions

No extension of ***Series EE*** or ***HH Bonds*** has been established at this time. As the bonds begin to approach maturity, the Secretary of the Treasury will determine whether an extension is desirable.

**"Even a little
can help a lot - *NOW*"**



Buy

U.S. WAR STAMPS & BONDS

ILLUSTRATION COURTESY OF LASSWELL JOURNAL

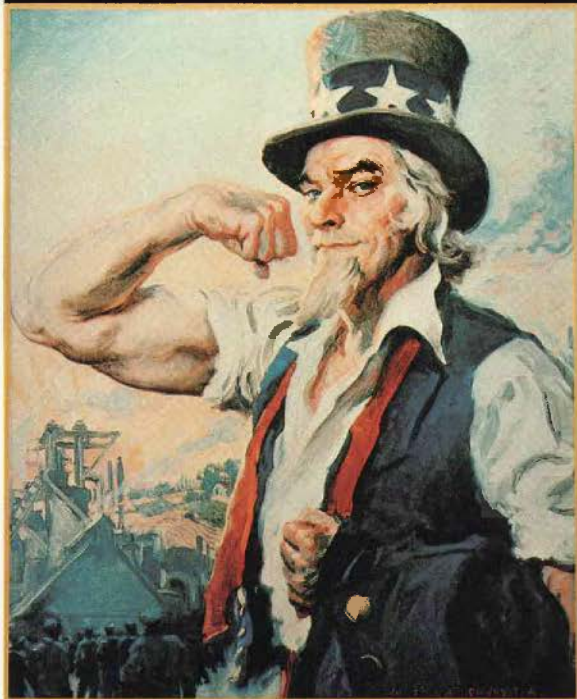
Tax

Series EE Bonds: The difference between the price paid for the EE Bond and its redemption value is the interest earned. The interest is subject to federal income tax, but is exempt from state and local income taxes. For federal tax purposes, interest on EE Bonds may be declared each year as it accrues OR reporting may be deferred until the EE Bonds are cashed, transferred to another owner or reach maturity, whichever comes first. Deferred reporting of the accrued interest may be continued if the redemption value proceeds are reinvested (at the time of their redemption) in an HH Bond exchange within a year after final maturity. Reporting of interest is then delayed until the HH Bond is redeemed, transferred to another owner or reaches final maturity, whichever comes first.

Series HH Bonds: Interest is subject to federal income tax, but not to state or local income taxes. The interest, which is received via semiannual Treasury check payments, must be reported for federal income tax purposes for the year in which interest is received.

Both series of bonds are subject to other taxes—such as estate, inheritance and gift taxes—whether federal or state.

It's time to build a stronger America.



Eligible Buyers

Series EE Bonds may be bought by individuals, corporations, associations, public and private organizations, fiduciaries and other investors in their own right. However, registration of Series EE Bonds is restricted to:

- (1) Residents of the United States, its territories and possessions or the Commonwealth of Puerto Rico
- (2) Citizens of the United States living abroad
- (3) Civilian employees of the United States and members of its Armed Services, regardless of residence or citizenship
- (4) Residents of Canada or Mexico who work in the United States, but only if the bonds are purchased on a payroll deduction plan and the owner provides a taxpayer identifying number

Any person who is not included within the foregoing list of eligible purchasers may, nevertheless, be designated as a co-owner or beneficiary of a savings bond EXCEPT an alien who is a resident of any area where the Treasury restricts or regulates the delivery of checks drawn on U.S. funds. (Contact a Federal Reserve Bank or Branch for current information.) Such persons who become entitled to bonds by right of inheritance or otherwise will not have the right to reissue (i.e. change in ownership), but may hold the bonds without change of ownership with the right to redeem them at any time in accordance with their terms.

AN OFFICIAL WAR
MESSAGE-

WAR

Give \$3-Get \$4

BONDS

Ownership

Series EE Bonds:

Series EE Bonds may be registered in the following ways:

- (1) Single ownership form, adult or minor
- (2) Co-ownership form with two persons

NOTE: If bonds are registered in co-ownership form, either co-owner may cash the bonds. For authorized reissue of a co-ownership bond, both must join in the request.

- (3) Beneficiary form, with one owner and another person as beneficiary

NOTE: If registered in beneficiary form, only the owner may cash the bond during the owner's lifetime. For authorized reissue of a beneficiary bond, only the owner must sign the request. Authorized reissue of Series E, Savings Notes, Series H and Series HH Bonds registered in beneficiary form requires the signature of both the owner and beneficiary.

The Tax Identification Number (TIN) of the owner or first-named co-owner is required. (The term TIN includes Social Security Number and, in the case of corporations, partnerships, estates, etc., Tax Identification Number.) Purchasers of bonds to be given as gifts must furnish their own social security number if the registered owner's number is not available. However, these holdings will not be associated with any other bond holdings of the purchaser.

AUTHORIZED FORMS OF OWNERSHIP

- (1) Single Ownership:
John B. Larsen
123-45-6789
- (2) Co-ownership—Two Individuals Only:
John B. Larsen
123-45-6789 or
Fern I. Larsen
- (3) Beneficiary—Two Individuals Only:
John B. Larsen
123-45-6789
payable on death to
Fern I. Larsen

Minors

Purchase made by a minor: Minor may name a co-owner or a beneficiary on bonds purchased with funds under his control.

Purchase made by other than a minor with the minor's funds: The bonds should be registered in the minor's name alone, with no co-owner or beneficiary.

Non-minor purchaser uses own funds: The bond may be registered in the name of the minor as the owner, co-owner or beneficiary.

Where to Buy Savings Bonds

The Department of the Treasury, all Federal Reserve Banks and their Branches and most commercial banks and savings and loan associations are authorized agents. In addition, many employers offer a Payroll Savings Plan in which employee paycheck deductions build toward buying U.S. Savings Bonds.

BOYS and GIRLS!
You can Help your Uncle Sam
Win the War



W.S.S.
WAR SAVINGS SOCIETY
OFFICE OF THE
UNITED STATES
DEPARTMENT OF THE TREASURY

Save your Quarters
BUY WAR SAVINGS STAMPS

Limit on Purchases

Series EE Bonds: The limit that can be purchased in the name of any one person is \$30,000 face amount (or \$15,000 issue price) in any one calendar year. Bonds registered in co-ownership form may be applied to the holdings of either co-owner or apportioned between them. For example, John and Jane Doe may purchase \$60,000 (face amount) of Series EE Bonds annually if the bonds are issued with both people named as co-owners. With beneficiary issues, purchases are applied to the owner, not the beneficiary. The limitation applies to bonds issued in any calendar year; there is no cumulative limit. Bonds that are purchased and redeemed within the same calendar year are excluded from computation.

Series HH Bonds: There is no limit to the dollar amount of HH Bonds that may be acquired through the exchange process.



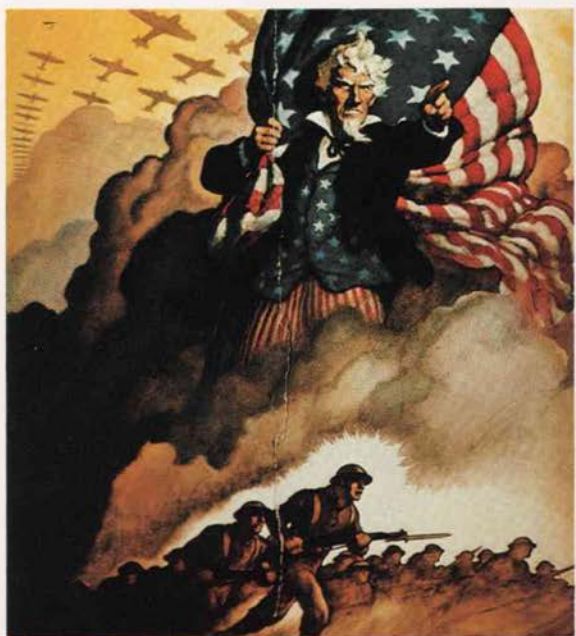
Exchange for Series HH Bonds

Series HH Bonds may be obtained only through exchange for Series E or EE Bonds or Savings Notes (Freedom Shares) or through the authorized reinvestment of the proceeds of matured Series H Bonds. Series E Bonds and Savings Notes may be exchanged up to one year after their final maturity dates.

The minimum denomination of an HH Bond is \$500. Each transaction must be \$500 or a multiple thereof. Should the redemption value of the securities tendered for exchange be more than \$500, but not a multiple of \$500, the subscriber may add cash to equal the next higher \$500 multiple or take a cash refund to equal the next lower \$500 multiple.

There is no upper limit to the dollar amount of HH Bonds one may acquire.

Federal income tax liability on accrued interest on Series EE Bonds, E Bonds and Savings Notes tendered for exchange may continue to be deferred until the HH Bond is redeemed, transferred to another owner or has reached final maturity, whichever comes first.



BUY WAR BOND

Cashing the Bonds

Both ***Series EE Bonds*** and ***Series HH Bonds*** may be redeemed any time after six months from their issue dates without the owner having to give advance notice. The Treasury has no option to call the bonds in for redemption before their final maturity. The Tax Identification Number of the payee (person signing the request for payment on the back of the bond) must be recorded on the bond or otherwise provided written on the face of the bond before cashing can take place.

- Single ownership—pay to owner only.
- Co-ownership—pay to either owner; only the signature of the payee is required.
- Beneficiary—pay to owner only during owner's lifetime.
- Minor—if the owner or co-owner is a minor and the bond does not indicate there is a representative of his estate, and if such minor owner is not of sufficient competency to sign his name to the request for payment and to understand the nature of the transaction, payment will be made to either parent with whom the minor resides. If the minor does not reside with either parent, payment will be made to the person who furnishes chief support; such payment may not be made by bond agents.

NOTE: Bonds cannot be sold, transferred to other parties or used as collateral.

The Present With A Future



WAR BONDS

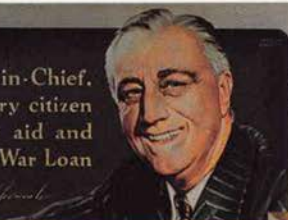
Partial Redemption

Series E and EE Bonds: Any denomination above \$25 for Series E and \$75 for Series EE is eligible for partial redemption at current redemption values. However, the remaining portion to be reissued must equal an authorized denomination or combination of denominations. The reissued portion retains the original issue date. For example, in a request for partial redemption of a \$100 bond to the extent of \$50 (face amount), the owner would receive a \$50 bond plus a check for the redemption value of a \$50 bond having the same issue date as the \$100 bond being turned in.

Series HH Bonds: The denominations eligible for partial redemption are \$1,000, \$5,000 and \$10,000. Other provisions are the same as those above.

"As Commander-in-Chief,
I hereby invoke every citizen
to give all possible aid and
support to the 3rd War Loan
Drive."

Franklin D. Roosevelt



3rd WAR LOAN

What To Do If Lost Or Stolen

Give prompt notice to:

**Department of the Treasury
Bureau of the Public Debt
200 Third Street
Parkersburg, WV 26101**

If possible, include the following information:

- (1) denominations
- (2) serial numbers with prefix and suffix letters
- (3) issue dates (month and year)
- (4) names and addresses on bonds
- (5) social security or employer identification numbers

Claims filed more than six years after final maturity will not be handled unless the bond serial numbers are furnished. Owners should maintain records of this information separate from the bonds.

Bonds are replaced without charge. Principal and interest are guaranteed, and the duplicate bond will bear the original maturity date. If a lost bond is found after a duplicate has been issued, return the original immediately to the above address, with a full explanation.



America at War

AN ILLUSTRATED STORY OF THE UNITED STATES' SERVICE TO THE ALLIED AND NEUTRAL COUNTRIES IN ACADEMIC SCIENCE BY THE U. S. ARMY

4 MEN FOR THE JOB—Men working on a large object in a factory. One of the U. S. Army's most important scientific projects in the war effort. These men are working on the "big" gun. Photo by U. S. Army.

*The Federal Reserve Bank of Dallas
thanks Mr. T. J. Morrow,
district director of the
U.S. Savings Bond office in Dallas,
for his help in obtaining
the posters used in this brochure.*

FEDERAL RESERVE BANK OF DALLAS