

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 2193]
March 20, 1941

STATEMENT REGARDING THE NEW SAVINGS BOND PROGRAM

**To all Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:**

At the request of the Treasury Department we transmit to you herewith, printed on the following pages, a statement regarding the new issues of United States Bonds and Stamps, to go on sale May 1, 1941, which have been developed to help in financing the National Defense Program.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.

TREASURY DEPARTMENT

Washington

FOR RELEASE, MORNING NEWSPAPERS,
Friday, March 21, 1941.

PRESS SERVICE
No. 24-11

Secretary of the Treasury Morgenthau today announced the new issues of United States Savings Bonds and Stamps, to go on sale May 1, which have been developed to help in financing the National Defense Program.

"In meeting the cost of this tremendous effort," the Secretary said, "the Government must do more than find billions of dollars. It must find these dollars in a way that will best safeguard the nation against the evils of inflation, and will give all American citizens a sense of taking a direct part in the defense of the country."

Three new kinds of United States Savings Bonds will be sold. The first kind, called the Defense Savings Bond, will be almost identical with the present United States Savings Bond or "Baby Bond," which has become the most widely held single security in the country. More than \$5,000,000,000 worth, at maturity values, have been bought by more than two million men, women and children.

DEFENSE SAVINGS BOND

The Defense Savings Bond will be offered for 75 percent of its maturity value, with maturity of 10 years. Thus, a Defense Savings Bond bought in May, 1941, for \$18.75 will be redeemable in May, 1951, for \$25.00. This is an increase of $33\frac{1}{3}$ percent, equal to an interest return of 2.9 percent per annum, compounded semiannually. This bond is not transferable, will not fluctuate in value, and may be redeemed at any time before maturity at values printed on its face. Intended chiefly for people of small income, ownership is restricted to individuals in their own right, with a limit upon holdings of \$5,000 maturity value of bonds issued in any one calendar year. Denominations are \$25, \$50, \$100, \$500, and \$1,000. The Defense Savings Bond will replace the present "Baby Bond" series and will be available to all subscribers under the regular purchase plan familiar to many thousands of small investors.

SERIES F SAVINGS BOND

The new Series F Savings Bond, intended for larger investors, for trustees, and for reserve funds, is offered for 74 percent of its maturity value, with maturity of 12 years. It can be held not only by individuals, but by trustees, associations, pension funds, and corporations, with a limit of \$50,000 cost price issued in any one calendar year, alone or in combination with Series G. If held to maturity, the yield approximates 2.53 percent a year. The Series F Bond is not transferable, and may be redeemed on thirty days' notice after six months from date of issue in accordance with a table of redemption values printed on its face. Denominations are \$100, \$500, \$1,000, \$5,000 and \$10,000.

SERIES G SAVINGS BOND

To meet demand for a current income bond, the new Series G Savings Bond, to be issued at par, bears interest during its 12-year term at $2\frac{1}{2}$ percent, paid semiannually by Treasury check. Intended for both small and large investors, the Series G Bond is not transferable, and can be registered like Series F in the name of individuals, associations, and corporations, up to a total of \$50,000 cost price issued in any one year, alone or in combination with Series F. Denominations are \$100, \$500, \$1,000, \$5,000 and \$10,000.

Series G Bonds will be redeemable before maturity on thirty days' notice after six months from date of issue at fixed redemption values printed on their face. In fixing these values, inducement is given to holders to retain their bonds until final maturity.

SALES AGENCIES

Defense Savings Bonds will be on sale May 1, 1941, at 16,000 post offices, at Federal Reserve Banks and at the United States Treasury. Series F and G Savings Bonds may be obtained on application to Federal Reserve Banks or to the Treasury. Arrangements are now being made through which it is expected that orders for bonds of all three series will be accepted at commercial and savings banks generally.

POSTAL SAVINGS STAMPS

Great emphasis is laid by Secretary Morgenthau upon the importance of Postal Savings Stamps as a means of encouraging steady savings among the youth of America and all others to whom payment of \$18.75 at one time for the smallest Defense Savings Bond is not convenient.

The Postmaster General has approved a new series of stamps, of special design, priced at 10 cents, 25 cents, 50 cents, \$1, and \$5. Purchasers will be given attractive pocket albums in which to mount them. An album containing seventy-five of the 25 cent stamps has a cash value of \$18.75 and can be exchanged for a Defense Savings Bond which in ten years will be worth \$25. There are similar albums for mounting the 50 cent, \$1, and \$5 stamps, exchangeable for \$50 and \$100 bonds.

ORGANIZATION

"Every man, woman and child in America will be given full details of this national defense savings plan, and easy ways to take part in it," Secretary Morgenthau said. A new division of the Treasury Department, called the Defense Savings Staff, has been created under the supervision of Harold N. Graves, Assistant to the Secretary. It includes Eugene W. Sloan, Administrative Director; Gale F. Johnston, Field Director, and Harford Powel, Director of Information.

REDEMPTION VALUES OF NEW SERIES OF UNITED STATES SAVINGS BONDS (Per \$100.00 of Maturity Value)

PERIOD AFTER ISSUE DATE	DEFENSE SAVINGS BONDS	SERIES F SAVINGS BONDS	SERIES G SAVINGS BONDS
First 1/2 year.....	\$75.00	Not redeemable	Not redeemable
1/2 to 1 year.....	75.00	74.00	98.80
1 to 1 1/2 years.....	75.50	74.20	97.80
1 1/2 to 2 years.....	76.00	74.50	96.90
2 to 2 1/2 years.....	76.50	74.90	96.20
2 1/2 to 3 years.....	77.00	75.40	95.60
3 to 3 1/2 years.....	78.00	76.00	95.10
3 1/2 to 4 years.....	79.00	76.70	94.80
4 to 4 1/2 years.....	80.00	77.60	94.70
4 1/2 to 5 years.....	81.00	78.60	94.70
5 to 5 1/2 years.....	82.00	79.70	94.90
5 1/2 to 6 years.....	83.00	80.90	95.20
6 to 6 1/2 years.....	84.00	82.20	95.50
6 1/2 to 7 years.....	86.00	83.50	95.80
7 to 7 1/2 years.....	88.00	84.80	96.10
7 1/2 to 8 years.....	90.00	86.10	96.40
8 to 8 1/2 years.....	92.00	87.40	96.70
8 1/2 to 9 years.....	94.00	88.70	97.00
9 to 9 1/2 years.....	96.00	90.00	97.30
9 1/2 to 10 years.....	98.00	91.40	97.60
10 to 10 1/2 years.....		92.90	97.90
10 1/2 to 11 years.....		94.50	98.20
11 to 11 1/2 years.....		96.20	98.60
11 1/2 to 12 years.....		98.00	99.20
MATURITY VALUE*	100.00	100.00	100.00

* Available ten years after issue date for the Defense Savings Bonds and twelve years after issue date for the Series F and G Savings Bonds.

(At 2,93)

**FEDERAL RESERVE BANK
OF NEW YORK**

March 22, 1941.

*To all Banking Institutions in the
Second Federal Reserve District:*

We are pleased to announce that Auburn Trust Company,
Auburn, New York, has become a member of the Federal
Reserve System effective March 22, 1941.

ALLAN SPROUL,
President.