

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 4089]
March 23, 1954]

SERIES E SAVINGS BONDS

Registration in Names of Trustees of Employees' Payroll Savings Plans

*To All Issuing Agents in the Second Federal Reserve District
Qualified for Sale of United States Savings Bonds, Series E:*

The Treasury Department has amended its regulations governing United States Savings Bonds to permit the registration of Series E bonds in the names and titles of the trustees of certain types of employees' payroll savings plans. Generally, the savings plans to which the regulations apply are those established by an employer for the exclusive and irrevocable benefit of his employees or their beneficiaries, and which provide for contributions by the employer to the savings withheld from the employees' wages. The regulations prescribe that an individual account be maintained for each participating employee and that the account show his denominational interest in any E bonds purchased with funds from his account. Also, the employee must have the right to withdraw at any time all the assets credited to his account, or their value, except, however, that a savings plan may provide that the employee shall not have the right to withdraw his employer's contributions to the account until the employee shall have made contributions in each of not more than 60 months succeeding the month for which the employer's contribution was made. In addition to obtaining Series E bonds in denominations available to other purchasers, the trustees of eligible savings plans are permitted under the amended regulations to purchase bonds in a new denomination of \$100,000 (maturity value).

This Bank is authorized to establish the eligibility, under the amended regulations, of a trustee of an employees' payroll savings plan to have Series E bonds registered in his name, as trustee. Requests to establish such eligibility should be addressed to our Savings Bond Department.

These changes in the regulations are set forth in the Second Amendment to Treasury Department Circular No. 530, Seventh Revision, dated May 21, 1952, and in the First Amendment to Treasury Department Circular No. 653, Third Revision, dated April 29, 1952. Copies of the amendments, both dated February 23, 1954, are enclosed.

Additional copies of the amendments will be furnished upon request.

ALLAN SPROUL,
President.

REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS

1954
Second Amendment to
Department Circular No. 530
Seventh Revision, dated
May 21, 1952

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, February 23, 1954.

To Owners of United States Savings Bonds, and
Others Concerned:

Sections 315.3, 315.4 (a), 315.8 (a), 315.10, 315.32 (d) and 315.50 (a) of Department Circular No. 530, Seventh Revision, dated May 21, 1952 (31 CFR, 1952 Supp., 315), as amended, are hereby amended, effective as of January 1, 1954, to read as follows:

SEC. 315.3 Restrictions.—Only residents (whether individuals or others) of the United States (which for the purposes of this section shall include the Commonwealth of Puerto Rico, the territories, insular possessions and the Canal Zone), citizens of the United States temporarily residing abroad and nonresident aliens employed in the United States by the Federal Government or an agency thereof may be named as owners, coowners or designated beneficiaries of savings bonds, whether on original issue or authorized reissue, except that such persons may name as coowners or beneficiaries of their bonds citizens of the United States permanently residing abroad or nonresident aliens who are not residents of areas with respect to which the Treasury Department has restricted or regulated the delivery of checks drawn against funds of the United States or any agency or instrumentality thereof.¹ Citizens of the United States permanently residing abroad and nonresident aliens who become entitled to bonds under these regulations, by right of survivorship or otherwise, will not have the right to reissue but will have the right (1) to retain the bonds without change of registration, (2) to receive interest on current income bonds, and (3) to redeem any bonds in accordance with their terms.²

¹ See Department Circular No. 655, as amended (31 CFR 211).

² Payment of bonds to nationals of blocked countries will in all cases be subject to the terms of any law, executive order or regulations issued pursuant to such law or order.

SEC. 315.4 Authorized forms of registration, Series E and H, and general provisions relating to their use.

(a) *Forms of registration.*—Except as provided in subparagraphs (4) and (5) hereof, bonds of Series E and H may be registered only in the names of individuals (natural persons), whether adults or minors, in their own right in one of the following forms:

(1) **ONE PERSON:** In the name of one person, for example:

“John A. Jones.”

(2) **TWO PERSONS—COOWNERSHIP FORM:** In the names of two (but not more than two) persons in the alternative as coowners, for example:

“John A. Jones OR Mrs. Ella S. Jones.”

No other form of registration establishing coownership is authorized.

(3) **TWO PERSONS—BENEFICIARY FORM:** In the name of one (but not more than one) person, payable on death to one (but not more than one) other person, for example:

“John A. Jones, payable on death to Miss Mary E. Jones.”

“Payable on death to” may be abbreviated “p. o. d.” The first person named is hereinafter referred to as the owner or registered owner, and the second person named as the beneficiary or designated beneficiary.

(4) **TREASURER OF THE UNITED STATES AS COOWNER OR BENEFICIARY:** In the name of the owner with the Treasurer of the United States as coowner or as beneficiary. A bond so registered may not be reissued to eliminate or change the coowner or the beneficiary, and upon the death of the owner will become the property of the United States.

(5) **TRUSTEES OF AN EMPLOYEES' SAVINGS PLAN:** In the name and title of the

trustee or trustees of an employees' savings plan or any similar trust for the accumulation of employees' savings (see Sec. 316.6a of Department Circular No. 653, Third Revision, as amended), substantially in accordance with the provisions of Sec. 315.5 (b).

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SEC. 315.8 *Amount which may be held.*—The limits on the amounts of savings bonds of Series E, F, G, H, J and K issued during any one calendar year that may be held by any one person at any one time follow:

(a) *Series E.*—For individuals in their own right, \$5,000 (maturity value) each year up to and including the year 1947, \$10,000 (maturity value) for each year from 1948 to 1951, inclusive, and \$20,000 (maturity value) for the year 1952 and each year thereafter; for trustees of an employees' savings plan (see Sec. 315.4 (a) (5)), \$2,000 (maturity value) multiplied by the highest number of employees participating in the plan at any time during the calendar year in which the bonds are issued.

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SEC. 315.10 *Disposition of excess.*—If any person at any time acquires savings bonds issued during any one calendar year in excess of the prescribed amount, the excess must be surrendered for refund of the purchase price, less (in the case of current income bonds) any interest which may have been paid thereon, or for such adjustment as may be possible, except that for good cause found the Secretary of the Treasury may permit excess holdings to stand in any particular case or class of cases.

SEC. 315.32 *General reissue provisions.*—Reissue of a savings bond will be restricted to a form of registration permitted by the regulations in effect on the date of original issue of the bond and will be made only upon surrender of the

bond and only in accordance with the provisions of those regulations. Reissue of a savings bond is authorized only as follows: * * *

(d) As otherwise specifically provided in these regulations; except that in any case (1) a request for reissue received after the maturity date of a bond will not be recognized or given any effect whatever, and (2) actual reissue will not be made if the request therefor is received less than one full calendar month before the maturity date of a bond, but a request for reissue so received will otherwise be treated as effective. The term "maturity date" as used herein, as applied to bonds of Series E, means the date on which the authorized extension period expires.³

SEC. 315.50 *Reissue or payment to person entitled.*

(a) *Distribution of trust estate in kind.*—A savings bond to which a beneficiary of a trust estate has become lawfully entitled in his own right or in a fiduciary capacity, in whole or in part, under the terms of the trust instrument, will be reissued in his name to the extent of his interest as a distribution in kind upon the request of the trustee or trustees and their certification that such person is entitled and has agreed to reissue in his name. The trustee or trustees of an employees' savings plan, when requesting reissue in the name of a distributee, may request reissue in beneficiary or coownership form, in accordance with instructions received from the distributee, and will be recognized as his representatives for that purpose.

A. N. OVERBY,

Acting Secretary of the Treasury.

³ Owners have the option of retaining bonds of Series E for a further period of not more than 10 years after maturity and earning interest upon the maturity values thereof.

UNITED STATES SAVINGS BONDS

SERIES E

1954
First Amendment to
Department Circular No. 653
Third Revision, dated
April 29, 1952

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, February 23, 1954.

Department Circular No. 653, Third Revision (31 CFR, 1952 Supp., 316), is amended, effective as of January 1, 1954, to revise Sections 316.6, 316.7, 316.10 (a) and 316.18 and to add Section 316.6a to read as follows:

SEC. 316.6 *Registration*—(a) *Authorized forms*.—Bonds of Series E may be registered only in the names of natural persons (that is, individuals), whether adults or minors, in their own right, as follows: (1) in the name of one person; (2) in the names of two (but not more than two) persons as coowners; and (3) in the name of one person payable on death to one (but not more than one) other designated person, except that the Treasurer of the United States may be designated as coowner or beneficiary, and except further that such bonds may be registered in the name and title of the trustee or trustees of an employees' savings plan as provided in Section 316.6a. Sections 316.2 and 316.9 hereof are hereby amended to authorize the issuance of Series E bonds in the denomination of \$100,000 (maturity value) at the issue price of \$75,000. Full information regarding authorized forms of registration and rights thereunder will be found in the regulations currently in force governing United States Savings Bonds.

(b) *Restrictions*.—Only residents of the United States (which for the purposes of this section shall include the Commonwealth of Puerto Rico, the territories, insular possessions and the Canal Zone), citizens of the United States temporarily residing abroad, and nonresident aliens employed in the United States by the Federal Government or an agency thereof may be named as owners, coowners or designated beneficiaries of bonds of Series E issued pursuant to this circular, or of authorized reissues thereof, except that such persons may name as coowners or beneficiaries of their bonds American citizens permanently residing abroad or nonresident aliens who are not residents of areas with respect to which the Treasury Department

has restricted or regulated the delivery of checks drawn against funds of the United States, or any agency or instrumentality thereof.¹ American citizens permanently residing abroad and nonresident aliens who become entitled to bonds under the regulations governing United States Savings Bonds,² by right of survivorship or otherwise, will not have the right to reissue but may hold the bonds without change of registration with the right to redeem them at any time in accordance with their terms.

SEC. 316.6a *Registration in name and title of the trustee or trustees of an employees' savings plan*.

(a) *Definition of plan and conditions of eligibility*.—Bonds of Series E may be registered in the name and title of the trustee or trustees of an employees' savings plan or any similar trust for the accumulation of employees' savings established by the employer for the exclusive and irrevocable benefit of his employees or their beneficiaries which affords employees the means of making regular savings from their wages through payroll deductions, provides for employer contributions to be added to such savings, and provides in effect that:

(1) The entire assets thereof must be credited to the individual accounts of participating employees and assets credited to the account of an employee may be distributed only to him or his beneficiary, except as otherwise provided herein.

(2) Bonds of Series E may be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose is equal to the purchase price of a bond or bonds in an authorized denomination or denominations, and shares therein are credited to the accounts of the individuals from which the purchase price thereof was derived, in amounts corresponding

¹ See Department Circular No. 655 as amended (31 CFR 211).

² See Department Circular No. 530, current revision.

with their shares. For example, if \$37.50 credited to the account of John Jones is commingled with funds credited to the accounts of other employees to make a total of \$7,500, with which a bond of Series E in the denomination of \$10,000 (maturity value) is purchased in June 1954 and registered in the name and title of the trustee or trustees, the plan must provide, in effect, that John Jones' account shall be credited to show that he is the owner of a bond of Series E in the denomination of \$50 (maturity value) bearing issue date of June 1, 1954.

(3) Each participating employee shall have an irrevocable right at any time to demand and receive from the trustee or trustees all assets credited to his account, or the value thereof, if he so prefers, without regard to any condition other than the loss or suspension of the privilege of participating further in the plan, except that a plan will not be deemed to be inconsistent herewith, if it limits or modifies the exercise of any such right by providing that the employer's contribution does not vest absolutely until the employee shall have made contributions under the plan in each of not more than sixty calendar months succeeding the month for which the employer's contribution is made: *Provided, however*, that in any such exceptional case the employee shall have the right to demand and receive cash in an amount equal to the redemption value of all bonds of Series E credited to his account (see (2)) less the amount of the employer's unvested contribution to the purchase price thereof.

(4) Upon the death of an employee, his beneficiary shall have the absolute and unconditional right to demand and receive from the trustee or trustees all assets credited to the account of the employee, or the value thereof, if he so prefers.

(5) When settlement is made with an employee or his beneficiary with respect to any bond of Series E registered in the name and title of the trustee or trustees in which the employee has a share (see (2) hereof), the bond must be submitted for redemption or reissue to the extent of such share; if an employee, or his beneficiary, elects to receive distribution in kind, bonds bearing the same issue dates as those credited to the employee's account will be reissued in the name of the distributee to the extent to which he is entitled, in authorized denominations, in any authorized form of registration, upon the request and certi-

fication of the trustee or trustees in accordance with the provisions of the regulations governing United States Savings bonds.³

(b) *Definitions of terms used in this section and related provisions.*

(1) The term "savings plan" includes any regulations issued under the plan with regard to bonds of Series E; a copy of the plan and any such regulations, together with a copy of the trust agreement certified by a trustee to be true copies, must be submitted to the Federal Reserve Bank of the District in order to establish the eligibility of the trustee or trustees to purchase such bonds under this section.

(2) The term "assets" means all funds, including the employees' contributions and the employer's contributions and assets purchased therewith as well as accretions thereto, such as dividends on stock, the increment in value on bonds and all other income; but, notwithstanding any other provision of this section, the right to demand and receive "all assets" credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such distribution; for example, bonds of Series E may not be reissued in unauthorized denominations, and fractional shares of stock are not readily distributable in kind.

(3) The term "beneficiary" means the person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the trust upon his death or the estate of the employee, and the term "distributee" means the employee or his beneficiary.

SEC. 316.7. *Limitations on holdings.*

(a) *General limitation.*—The amount of bonds of Series E originally issued during the calendar year 1952 (and each calendar year thereafter) that may be held by any one person at any one time is \$20,000 (maturity value), except as provided in subsection (b) of this section.

(b) *Special limitation applicable to trustees of employees' savings plans.*—The amount of bonds of Series E originally issued during each calendar year that may be held by the trustee or trustees of an employees' savings plan (as described in Section 316.6a) is \$2,000 (maturity value) multiplied by the highest number of employees participating in

³ See Department Circular No. 530, current revision, Sec. 315.50 (a).

such plan at any time during the year in which the bonds are issued.

(c) *Regulations.*—For full information concerning the limitations on and methods of computing holdings, see the regulations currently in force governing United States Savings Bonds.

SEC. 316.10. *Purchase of bonds.* * * *

(a) *Over-the-counter for cash:* (1) For individuals (natural persons) only (i) at such incorporated banks, trust companies and other agencies as have been duly qualified as issuing agents, and (ii) at selected United States post offices; and (2) for individuals (natural persons) or trustees of employees' savings plans (see Section 316.6a) at Federal Reserve Banks and Branches and at the Treasury Department, Washington 25, D. C.

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SEC. 316.18. *Payment or redemption (in general).*—A bond of Series E may be redeemed at the option of the owner at any time after two months from the issue date at the appropriate redemption value as shown in the tables of redemption values at the end of this circular, Table A for bonds (other than the \$100,000 denomination) dated on and after May 1, 1952, Table B for those dated May 1, 1941, through April 1, 1942, and Table C for those dated May 1, 1942, through April 1, 1952. The redemption values of bonds in the denomination of \$100,000 (maturity value) dated on and after January 1, 1954, will be equal to the total redemption values of ten \$10,000 bonds bearing the same issue dates (see Table A).⁴

⁴ Bonds of Series E in the denomination of \$100,000 (maturity value) are available for purchase only by trustees of employees' savings plans.

A bond of Series E in a denomination higher than \$25 (maturity value) may be redeemed in part but only in the amount of an authorized denomination or multiple thereof. Payment of a bond of Series E will be made upon presentation and surrender of the bond by the owner to authorized paying agencies as follows:

(1) *Federal Reserve Banks and Branches and Treasurer of the United States.* Owners of bonds of Series E may obtain payment upon presentation of the bonds to a Federal Reserve Bank or Branch or to the Treasurer of the United States, Washington 25, D. C., with the requests for payment on the bonds duly executed and certified in accordance with the provisions of the regulations governing savings bonds.

(2) *Incorporated banks, trust companies and other financial institutions.* An individual (natural person) whose name is inscribed on the face of a bond of Series E either as owner or coowner in his own right may also present such bond (unless marked "DUPLICATE") to any incorporated bank or trust company or other financial institution which is qualified as a paying agent under the provisions of Department Circular No. 750 or any revision of or amendment thereto. If such bond is in order for payment by the paying agent, the owner or coowner, upon establishing his identity to the satisfaction of the paying agent and upon signing the request for payment and adding his home or business address, may receive immediate payment of the current redemption value.

A. N. OVERBY,
Acting Secretary of the Treasury.