FEDERAL RESERVE BANK
OF NEW YORK

Fiscal Agent of the United States

[Circular No. 5074
August 25, 1961]

Treasury Announces 10-Year Extension of Maturing Series H Savings Bonds

To Issuing and Paying Agents for Savings Bonds
in the Second Federal Reserve District:

The following statement was issued by the Treasury Department, for release in Sunday newspapers, August 27:

Treasury Secretary Douglas Dillon today announced new regulations that will benefit more than a half-million Americans who own Series H Savings Bonds issued from June, 1952 through January, 1957. This is the first time in Treasury financing that a current-income bond has been given an extension privilege.

Under the new regulations, these bonds—the first of which will mature in February, 1962—may now be held for an additional ten years and earn a full 3¾ percent interest a year, payable semi-annually by Treasury check. Over two and one-half billion of the more than six billion dollars currently outstanding in Series H Savings Bonds will be affected by this action.

Secretary Dillon said: "This new extension option for Series H Bonds is a well-deserved reward for those citizens who have held these securities for their full term. The purchase of U. S. Savings Bonds by every family is important to the economic strength of our nation, and is thus a contribution to the cause of peace and freedom around the world. I hope that the new extension terms and rates, which are equal to the recently approved rate of a straight three and three-fourths percent interest for the second extension of Series E Bonds, will encourage increased savings on the part of millions of Americans."

Series H Savings Bonds issued from June, 1952 through January, 1957 have a maturity period of nine years and eight months. Their interest rate was originally three percent if held to maturity. Effective June 1, 1959, the rate was increased so as to bring the final yields to maturity up to a range of 3.12 percent to 3.36 percent.

The bonds being extended will mature from February, 1962, through September, 1966. Other outstanding Series H Bonds issued since February, 1957, will begin maturing in February, 1967. Regulations affecting possible extension of these bonds will be announced prior to October, 1966, at which time consideration will be given to the terms and conditions, including interest rates, of any extension that might be warranted at that time.

The Series H Bond, when introduced in June, 1952, was custom-made to satisfy the needs of Americans who wanted a current-income bond which would be free from market fluctuations and would possess the same safety features and guaranteed interest rate as the popular Series E Bond. There are now close to one and one-half million H bond accounts with an investment of some six billion dollars. Nearly 160,000 new accounts are opened yearly. Annual H Bond sales are close to the billion dollar mark and are increasing rapidly.

The First Amendment to Treasury Department Circular No. 905, Second Revision, and the Third Amendment to Treasury Department Circular No. 530, Eighth Revision, cover the extension described in the statement and will be mailed to you shortly.

Alfred Hayes,
President.