

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 5824]
June 20, 1966

Increase in Annual Limitation on Holdings of Series E and H Savings Bonds

Increase in Interest Rate on Retirement Plan Bonds

*To Issuing Agents for Series E Savings Bonds, and Others Concerned,
in the Second Federal Reserve District:*

Savings bonds — annual limitation on holdings

The following statement, announcing an increase in the annual limitation on holdings of Series E and H Savings Bonds, was made public by the Treasury Department on May 6:

The Treasury today announced that for the calendar year 1966 and thereafter the annual limitation on Series E and H Savings Bonds has been increased \$10,000 for each series. The new limitation on E bonds is now \$20,000 (face amount) and \$30,000 on H bonds.

The limitations apply to bonds originally issued during a calendar year and held by any one owner. The Treasury pointed out that in computing the limitation, the amount of bonds held in coownership form may be applied to the holdings of either of the coowners or apportioned between them.

A special limitation of \$200,000 on holdings relating to gifts of Series H Savings Bonds to charitable, religious, educational, and certain other nonprofit organizations that qualify under Section 501(c)(3) of the Internal Revenue Code of 1954 has been established for the calendar year 1966 and each calendar year thereafter. It now becomes possible for the exempt organizations to hold up to \$200,000 in H bonds of a given yearly series received by them as gifts.

The Treasury said that the new limitations have been set in view of the increasingly important role that savings bonds are playing in helping to sustain a vigorous non-inflationary growth and manage the public debt soundly.

Enclosed for savings bond issuing agents are copies of the amendments* to the official Treasury Department circulars giving effect to the increased limitations on holdings. Additional copies will be furnished upon request.

Retirement Plan Bonds — increase in rate.

On May 23, the Treasury Department issued the following statement announcing an increase in the interest rate on U. S. Retirement Plan Bonds:

The Secretary of the Treasury announced today that the President has approved an increase in the interest rate on United States Retirement Plan Bonds to 4.15 percent per annum, compounded semi-annually, effective June 1, 1966. Previously, these bonds earned interest at 3.75 percent.

* For Series E bonds, First Amendment, dated May 3, 1966, to Treasury Department Circular No. 653, Seventh Revision, dated March 18, 1966; for Series H bonds, First Amendment, dated May 3, 1966, to Treasury Department Circular No. 905, Fourth Revision, dated April 7, 1966.

(OVER)

The improved rate brings the interest on Retirement Plan Bonds in line with the recently increased rate on Series E and H Savings Bonds. However, unlike those bonds, the improvement does not apply to Retirement Plan Bonds already outstanding. It was explained that there is no statutory authority to extend the new rate to bonds issued earlier.

Retirement Plan Bonds, which were first placed on sale in 1963 pursuant to the Self-Employed Individuals Tax Retirement Act of 1962, are available for investment only by bond purchase plans and qualified pension and profit-sharing plans. They may be registered only in the names of self-employed persons or employees in single ownership form, or with a beneficiary. Purchases may be made at any Federal Reserve Bank or Branch, or the Office of the Treasurer of the United States, the only authorized issuing agents.

Enclosed for savings bond issuing agents is a copy of the First Amendment, dated May 23, 1966, to Treasury Department Circular No. 1-63, Public Debt Series, dated January 10, 1963, giving effect to the increased interest rate. Additional copies will be furnished upon request.

ALFRED HAYES,
President.

TABLE A

TABLE OF REDEMPTION VALUES PROVIDING AN INVESTMENT YIELD OF 4.15 PERCENT PER ANNUM FOR BONDS BEARING ISSUE DATES BEGINNING JUNE 1, 1966

Table shows the increase in redemption value for each successive half-year term of holding following the date of issue on Retirement Plan Bonds bearing issue dates beginning June 1, 1966. The redemption values have been determined to provide an investment yield of approximately 4.15 percent¹ 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 | 51.04 | 102.08 | 510.38 | 1,020.75 |
| 1 to 1½ years | 52.10 | 104.19 | 520.97 | 1,041.93 |
| 1½ to 2 years | 53.18 | 106.36 | 531.78 | 1,063.55 |
| 2 to 2½ years | 54.28 | 108.56 | 542.81 | 1,085.62 |
| 2½ to 3 years | 55.41 | 110.81 | 554.07 | 1,108.15 |
| 3 to 3½ years | 56.56 | 113.11 | 565.57 | 1,131.14 |
| 3½ to 4 years | 57.73 | 115.46 | 577.31 | 1,154.61 |
| 4 to 4½ years | 58.93 | 117.86 | 589.28 | 1,178.57 |
| 4½ to 5 years | 60.15 | 120.30 | 601.51 | 1,203.02 |
| 5 to 5½ years | 61.40 | 122.80 | 613.99 | 1,227.99 |
| 5½ to 6 years | 62.67 | 125.35 | 626.73 | 1,253.47 |
| 6 to 6½ years | 63.97 | 127.95 | 639.74 | 1,279.48 |
| 6½ to 7 years | 65.30 | 130.60 | 653.01 | 1,306.03 |
| 7 to 7½ years | 66.66 | 133.31 | 666.56 | 1,333.13 |
| 7½ to 8 years | 68.04 | 136.08 | 680.39 | 1,360.79 |
| 8 to 8½ years | 69.45 | 138.90 | 694.51 | 1,389.03 |
| 8½ to 9 years | 70.89 | 141.78 | 708.92 | 1,417.85 |
| 9 to 9½ years | 72.36 | 144.73 | 723.63 | 1,447.27 |
| 9½ to 10 years | 73.86 | 147.73 | 738.65 | 1,477.30 |
| 10 to 10½ years | 75.40 | 150.80 | 753.98 | 1,507.95 |
| 10½ to 11 years | 76.96 | 153.92 | 769.62 | 1,539.24 |
| 11 to 11½ years | 78.56 | 157.12 | 785.59 | 1,571.18 |
| 11½ to 12 years | 80.19 | 160.38 | 801.89 | 1,603.78 |
| 12 to 12½ years | 81.85 | 163.71 | 818.53 | 1,637.06 |
| 12½ to 13 years | 83.55 | 167.10 | 835.52 | 1,671.03 |
| 13 to 13½ years | 85.29 | 170.57 | 852.85 | 1,705.71 |
| 13½ to 14 years | 87.05 | 174.11 | 870.55 | 1,741.10 |
| 14 to 14½ years | 88.86 | 177.72 | 888.61 | 1,777.23 |
| 14½ to 15 years | 90.71 | 181.41 | 907.05 | 1,814.10 |
| 15 to 15½ years | 92.59 | 185.17 | 925.87 | 1,851.75 |
| 15½ to 16 years | 94.51 | 189.02 | 945.09 | 1,890.17 |
| 16 to 16½ years | 96.47 | 192.94 | 964.70 | 1,929.39 |
| 16½ to 17 years | 98.47 | 196.94 | 984.71 | 1,969.43 |
| 17 to 17½ years | 100.51 | 201.03 | 1,005.15 | 2,010.29 |
| 17½ to 18 years | 102.60 | 205.20 | 1,026.00 | 2,052.01 |
| 18 to 18½ years | 104.73 | 209.46 | 1,047.29 | 2,094.58 |
| 18½ to 19 years | 106.90 | 213.80 | 1,069.02 | 2,138.05 |
| 19 to 19½ years | 109.12 | 218.24 | 1,091.21 | 2,182.41 |
| 19½ to 20 years | 111.38 | 222.77 | 1,113.85 | 2,227.70 |
| 20 to 20½ years ² | 113.70 | 227.39 | 1,136.96 | 2,273.92 |

¹ Based on redemption values of \$1,000 bond.

² At a future date prior to June 1, 1986 (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.

REGULATIONS GOVERNING UNITED STATES RETIREMENT PLAN BONDS

1966
**First Amendment to
 Department Circular
 Public Debt Series—No. 1-63
 Dated January 10, 1963**
 Fiscal Service
 Bureau of the Public Debt

TREASURY DEPARTMENT,
Washington, May 23, 1966.

Section 341.1(a) of Department Circular, Public Debt Series No. 1-63, dated January 10, 1963 (31 CFR 341), is hereby amended to read as follows:

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 bonds with (1) issue dates of January 1, 1963, through May 1, 1966, will be 3¼ percent per annum, compounded

semiannually, as set forth in the table of redemption values appended to the circular, and (2) issue dates of June 1, 1966, or thereafter, will be 4.15 percent per annum, compounded semiannually, as set forth in the table, identified as Table A, appended to this amendment. The 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.

JOHN K. CARLOCK,
*Fiscal Assistant Secretary
 of the Treasury.*

OFFERING OF UNITED STATES SAVINGS BONDS

SERIES H

1966
First Amendment to
Department Circular No. 905
Fourth Revision, dated
April 7, 1966

Fiscal Service
Bureau of the Public Debt

TREASURY DEPARTMENT
Washington, May 3, 1966.

Section 332.5 of Department Circular No. 905, Fourth Revision (31 CFR Part 332), dated April 7, 1966, is hereby revised and amended as follows:

Sec. 332.5. *Limitation on holdings.* * * *

(a) *General limitation.* \$30,000 (face value) for the calendar year 1966 and each calendar year thereafter.

* * * * *

(d) *Special limitation for gifts to exempt organizations under 26 CFR 1.501(c)(3)-1.* \$200,000 (face value) for the calendar year 1966 and each calendar year thereafter for bonds received as gifts by an organization which at the time of purchase was an exempt organization under the terms of 26 CFR 1.501(c)(3)-1.

JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.

OFFERING OF UNITED STATES SAVINGS BONDS

SERIES E

1966
First Amendment to
Department Circular No. 653
Seventh Revision, dated
March 18, 1966

TREASURY DEPARTMENT
Washington, May 3, 1966.

Fiscal Service
Bureau of the Public Debt

Section 316.5(a) of Department Circular No. 653, Seventh Revision (31 CFR Part 316), dated March 18, 1966, is hereby revised and amended as follows:

Sec. 316.5. *Limitation on holdings.* * * *

(a) *General limitation.* \$20,000 (face value) for the calendar year 1966 and each calendar year thereafter.

JOHN K. CARLOCK,
Fiscal Assistant Secretary of the Treasury.