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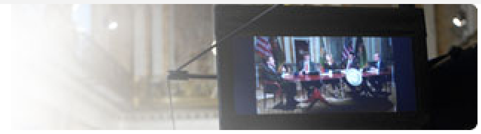

Treasury Goes Green, Saves, Green Broad New Initiative Will Increase Electronic Transactions, Save More Than $400 Million, 12 Million Pounds of Paper in First Five Years Alone

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WASHINGTON – With Americans poised to celebrate the 40th anniversary of Earth Day this week, the U.S. Department of the Treasury today announced a broad new initiative to dramatically increase the number of electronic transactions that involve Treasury and millions of citizens and businesses, a move that is expected to save more than $400 million and 12 million pounds of paper in the first five years alone. In addition to greatly reducing costs, enhancing customer service and minimizing Treasury's environmental impact, the move from paper to electronic transactions will increase reliability, safety and security for benefit recipients and taxpayers.

"Treasury must lead the way in developing methods to deliver payments that are safe and secure in a manner that is efficient and reliable," said Treasury Secretary Tim Geithner. "By moving to all-electronic payments, Treasury will save hundreds of millions of dollars and substantially reduce our environmental impact, making this a win-win for all Americans."

Starting today, Treasury will begin implementing a three-pronged initiative to dramatically reduce the number of transactions that are conducted on paper by moving them to electronic systems. First, Treasury will require individuals receiving Social Security, Supplemental Security Income, Veterans, Railroad Retirement and Office of Personnel Management benefits to receive payments electronically. Individuals will be able to receive benefits either through direct deposit into a bank account or Treasury's Direct Express debit card. Today, one million Americans are receiving their benefit payments through Direct Express and they have found the card safe, convenient and easy to use. The requirement will apply to new enrollees beginning on March 1, 2011 and to existing check recipients beginning on March 1, 2013. Currently, 85 percent of federal benefit recipients receive their payments electronically. Moving all recipients of these benefits to electronic payments is expected to save upwards of $300 million in the first five years.

Second, businesses currently permitted to use paper Federal Tax Deposit coupons will have to make those deposits electronically beginning in 2011 with a few exceptions, primarily businesses with $2,500 or less in quarterly tax liabilities that pay when filing their returns. Currently, nearly 98 percent of all business tax dollars are paid electronically through Treasury's free Electronic Federal Tax Payment System. IRS research has shown that businesses using EFTPS are 31 times less likely to make an error. This change will save an estimated $65 million in the first five years.

Finally, Treasury will eliminate the option to purchase paper savings bonds through payroll deductions for federal employees on September 30, 2010 and for the private sector by January 1, 2011. This policy covers only paper savings bonds purchased through payroll sales; individuals will still be able to purchase paper savings bonds at financial institutions for themselves and as gifts. Payroll savers will be encouraged to continue their purchases through Treasury Direct, a web-based system that allows investors to buy and hold electronic savings bonds. Transitioning employees to electronic payroll purchases saves employers administrative costs and allows employees to manage their own bond accounts. This is estimated to save nearly $50 million in the first five years.

The benefits of electronic transactions are well documented. Aside from the large cost savings, electronic transactions provide safety, convenience and control for payment recipients, taxpayers and savings bond holders. These initiatives do not require new legislation and can be accomplished by changes to Treasury's existing regulations.

As Treasury moves towards an all electronic payment environment, the Administration is strengthening protections for individuals who receive Direct Deposit. Treasury and the federal agencies that issue benefit payments have published a notice of proposed rulemaking to ensure that exempt federal benefit payments are protected from garnishment after they are directly deposited into accounts. Also, Treasury will soon issue a notice of proposed rulemaking that reaffirms the longstanding policy that federal benefits must be directly deposited into an account in the name of the recipient and not into an account of a third party. This rule will prevent entities such as payday lenders from establishing a master account to receive payments on behalf of multiple beneficiaries. The rule address concerns that benefit recipients do not have control over their funds in these arrangements. In addition, this proposed rule will permit the direct deposit of benefit payments into master accounts established by organizations such as nursing homes, as long as certain consumer protections are provided for their residents.

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