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Treasury Savings Options: Frequently Asked Questions

Source: U.S. Department of the Treasury

1. Why consider Treasury securities?

Treasury securities, offered by the U.S. Department of the Treasury, are great savings options because they are:

- **Affordable.** You can buy savings bonds for as little as \$25 or other Treasury securities starting at \$100. Plus, there are no fees for using TreasuryDirect.
- **Safe.** With Treasury securities, your principal is protected.
- **Convenient.** Buy and manage savings bonds and other Treasury securities 24/7, online—no more waiting in line.

2. What are the different types of Treasury securities?

Treasury securities include:

- *EE Savings Bonds:* Low-risk savings options that earn interest for 30 years.
- *I Savings Bonds:* Low-risk savings options that earn interest while protecting you from inflation.
- *Treasury Bills:* Short-term government securities with maturities ranging from a few days to 52 weeks.
- *Treasury Notes:* Government securities that are issued with maturities of 2, 3, 5, 7 and 10 years and pay interest every six months.
- *Treasury Inflation-Protected Securities (TIPS):* TIPS pay interest every six months and are issued with maturities of 5, 10 and 30 years. The principal is adjusted for changes in the Consumer Price Index
- *Treasury Bonds:* Long-term securities that pay interest every six months and mature in 30 years

3. What is TreasuryDirect?

TreasuryDirect is the Treasury Department's secure, online system that allows you to establish an account to purchase and manage Treasury savings options conveniently, 24/7. There are no fees associated with TreasuryDirect, and you can use it to safely and securely:

- Buy, manage and redeem savings bonds online
- Convert paper savings bonds to digital bonds
- Purchase savings bonds as gifts
- Purchase other Treasury savings options, including bills, notes, bonds and TIPS (Treasury Inflation-Protected Securities)

4. How do I sign up for a TreasuryDirect account?

First, make sure you have the following:

- A taxpayer identification number or a Social Security number.
- A United States address of record.
- Account and routing numbers for a checking or savings account.
- An e-mail address.
- An up-to-date web browser such as: Windows Internet Explorer 7 or later, Firefox 2 or later or Google Chrome

Then, visit www.treasurydirect.gov. Under the “Open an Account” section select “TreasuryDirect.” For detailed, step-by-step instructions, use the tip sheet available at www.treasurydirect.gov/instit/savbond/otc/HowtoopenanaccountinTreasuryDirecttipsheet.pdf.

5. To use TreasuryDirect, do I need to have a bank account, Internet access and an e-mail account?

Yes. You will need to have an account at a financial institution to receive payments and as a potential funding source for purchases. You also will need Internet access to view and use your account. Finally, an e-mail address is necessary so you can receive important messages about your account. TreasuryDirect is Section 508 compliant to meet the needs of persons with disabilities.

6. Can I purchase paper savings bonds at my bank?

Paper savings bonds are no longer available. You can purchase digital savings bonds through TreasuryDirect at www.treasurydirect.gov. Savings bonds remain a great savings option with no fees, a proven track record and an affordable minimum purchase of \$25.

7. Is there anywhere to get paper savings bonds?

Tax filers can purchase paper Series I Savings Bonds with their federal tax refunds through the Tax Time Bond Program introduced in 2010. There are no other ways to buy paper savings bonds.

8. Why did the Treasury Department end sales of paper savings bonds?

Ending sales of paper savings bonds will save taxpayers an estimated \$70 million over the next five years. In addition, unlike paper savings bonds, digital savings bonds can't be lost or misplaced. And with TreasuryDirect, you can manage your savings securely online, anytime.

9. I already have paper savings bonds. What will happen to them?

Existing paper savings bonds are valid issues of the Treasury Department and will earn interest for 30 years from the issue date or until redeemed. You can redeem paper bonds at most local financial institutions. You also can convert your paper savings bonds to digital savings bonds in TreasuryDirect using a program called SmartExchange. There's no charge to convert paper bonds. No earned interest will be lost, and the bonds will keep their original issue dates and current interest rate terms. For more information on SmartExchange, visit

www.treasurydirect.gov/indiv/research/indepth/smartexchangeinfo.htm

10. How do I redeem savings bonds purchased through TreasuryDirect?

When you redeem savings bonds, you choose the destination for payment, for example your bank account. Savings bonds must be held for a minimum of one year. If you redeem savings bonds before five years you lose the most recent three months' interest. No penalty is incurred if redeemed after five years.

11. Where can I get more information?

Visit www.treasurydirect.gov/readysavegrow and follow @ReadySaveGrow on Twitter for more information.

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