

Facts about Series EE & HH Bonds

The Series EE Bond is an appreciation-type security that has an original maturity of 18 years and an interest-bearing life of 30 years. Its purchase price is 50 percent of its face amount; for example, a \$100 Bond costs \$50. Denominations (face amounts) available are \$50*, \$75*, \$100, \$200, \$500, \$1,000, \$5,000, and \$10,000. The Series HH Bond is available in exchange for Series E, EE and/or U.S. Savings Notes (Freedom Shares) with a total redemption value of \$500 or more. It is a current-income security, available at par in denominations of \$500, \$1,000, \$5,000, and \$10,000, and has an interest-bearing life of 20 years.

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Complete Safety

U.S. Savings Bonds are guaranteed as to principal and interest by the full faith and credit of the United States. If lost, stolen, mutilated, or destroyed, the Bonds will be replaced by the Treasury Department at the owner's request.

Market Based Interest

Minimum Rate

The interest rate on Series EE Bonds held five years or longer is 85 percent of the average return on 5-year Treasury marketable securities during the holding period, compounded semiannually, if it averages more than the minimum guaranteed rate. Bonds redeemed before being held five years earn interest at a 4 percent annual rate. Bonds purchased on and after March 1, 1993, have a minimum guaranteed rate of 4 percent. Bonds purchased between November 1986 and February 1993 have a minimum guaranteed rate of 6 percent when held at least five years, through their 12-year original maturity; Bonds purchased through October 1986 are guaranteed to earn a minimum of 7.5 percent through their 10-year original maturity. Older Series E and EE Bonds and Savings Notes are receiving market-based rates. Minimum rates vary According to issue dates and when a Bond last entered an extended maturity period.

Payment of Interest

Interest on EE Bonds issued March 1993 or later accrues through monthly increases in redemption value, and is payable when a Bond is cashed. Interest accrues semiannually on most older EE and E Bonds. The redemption value reflects the principal amount plus interest accrued during the holding period. Interest on HH Bonds is paid semiannually.

Easy to Buy

Where offered by employers, the Payroll Savings Plan permits Series EE Savings Bonds to be purchased through regular allotments from pay. Bonds also may be ordered at most banks and other financial institutions. The Bond order will be forwarded to the Federal Reserve Bank which will issue and mail the Bonds to the purchaser or intended recipient. HH Bonds may be obtained only in exchange for Series E/EE Bonds and Savings Notes at Federal Reserve Banks and Branches and from the Bureau of the Public Debt, Parkersburg, WV 26106-1328. Most Savings Bonds issuing agents will forward exchange applications for customers.

Easy to Redeem

Series EE Bonds may be redeemed at any time after six months from issue date at most banks or other financial institutions. HH Bonds are redeemable at any Federal Reserve Bank or Branch, or at the Bureau of the Public Debt, Parkersburg, WV 26106-1328, any time after six months from issue.

Tax Benefits

Reporting of interest for Federal income tax purposes may be deferred until EE Bonds are cashed, disposed of, or reach final maturity, whichever comes first. Reporting of accrued interest on Bonds and Notes presented in exchange for HH Bonds may continue to be deferred, for Federal tax purposes, until the HH

Bonds are cashed, disposed of, or reach final maturity, whichever comes first. EE and HH Bonds are exempt from state and local income and personal property taxes but are subject to inheritance and estate taxes levied by states and localities. Subject to certain income and other limitations, Bonds purchased beginning January 1, 1990, may be free of Federal income tax if their owners pay qualified educational expenses for themselves or their dependents in the year the Bonds are redeemed.

Exchange Privilege

Six months after issue, Series EE Bonds may be exchanged—alone or in combination with eligible Series E Bonds or U.S. Savings Notes—for current-income Series HH Bonds. The Bonds and Notes applied toward an exchange must have a total redemption value of \$500 or more. HH Bonds issued in March 1993 or later pay interest at a 4 percent annual rate.

Choice of Registration

All Bonds may be issued in the name of one person: in the names of two persons as co-owners; or in the name of one person as owner, with a second person as beneficiary.

No Probate

If, upon the death of an owner, there is a surviving co-owner or beneficiary named on the Bonds, the Bonds do not form a part of a decedent's estate for probate purposes. Subject to applicable estate or inheritance taxes, if any, they become the sole and absolute property of the survivor.

Redemption Table Values

Tables of Redemption Values for Savings Bonds are published regularly and are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. Banks can also provide information on redemption values to Bond owners.

