

§ 359.16

the time that rate determines interest earnings for a bond. For example, if you purchased a bond in April, its semiannual rate periods begin every April and October. At the beginning of the semiannual rate period in April, the most recently announced composite rate would have been the rate we announced the previous November. This rate will determine interest earnings for your bond for the next six months, through the end of September. At the beginning of the semiannual rate period in October, the most recently announced composite rate would be the rate announced the previous May. This rate will determine interest earnings for your bond through the end of the following March. However, if you purchased a bond instead in May, its semiannual rate periods begin in May and November. Therefore, the composite rates announced in May and November will apply immediately to this bond. (See appendix C to part 359 at § 2 for a discussion of rate lag.)

§ 359.16 When does interest accrue on Series I savings bonds?

(a) Interest, if any, accrues on the first day of each month; that is, we add the interest earned on a bond during any given month to its value at the beginning of the following month.

(b) The accrued interest compounds semiannually.

§ 359.17 When is interest payable on Series I savings bonds?

Interest earnings are payable upon redemption.

§ 359.18 Is the determination of the Secretary on rates and values final?

The Secretary's determination of fixed rates of return, semiannual inflation rates, composite rates, and savings bonds redemption values is final and conclusive.

§ 359.19 How is interest calculated?

We base all calculations of interest on a \$25 unit. We use the value of this unit to determine the value of bonds in higher denominations. The effect of rounding off the value of the \$25 unit increases at higher denominations. This can work to your slight advantage

31 CFR Ch. II (7–1–13 Edition)

or disadvantage, depending on whether we round the value up or down.³

§§ 359.20–359.24 [Reserved]

Subpart B—Definitive Series I Savings Bonds

§ 359.25 What were the denominations and prices of definitive Series I savings bonds?

Prior to January 1, 2012, definitive Series I savings bonds were issued in denominations of \$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000, and \$10,000. These definitive bonds were sold at par; that is, the purchase price was the same as the denomination (face value).

[76 FR 66856, Oct. 28, 2011]

§ 359.26 When are definitive Series I savings bonds validly issued?

A definitive bond is validly issued when it is registered as provided in part 360, and when it bears an issue date and the validation indicia of an authorized issuing agent.

§ 359.27 What is the issue date of a definitive Series I savings bond?

The issue date of a definitive bond is the first day of the month in which an authorized issuing agent received payment of the issue price.

[76 FR 66856, Oct. 28, 2011]

§ 359.28 Are taxpayer identification numbers (TINs) required for the registration of definitive Series I savings bonds?

The registration of a definitive Series I savings bond must include the TIN of the owner or first-named co-owner. If the bond was purchased as a gift or award and the owner's TIN is

³For example: A composite rate of 2.57% will result in a newly purchased \$25 unit increasing in value after six months to \$25.32, when rounded to the nearest cent. Thus, a \$5,000 bond purchased at the same time as the \$25 unit will be worth \$5,064 after six months ($[\$5,000 \text{ divided by } \$25] \times \$25.32 = \$5,064$.) In contrast, if it applied directly to a \$5,000 bond, the rate would render a value of \$5,064.25 after six months, a difference of 25 cents. (This example does not include any discussion of the three-month interest penalty that applies if you redeem a bond less than five years after its issue date.)

Fiscal Service, Treasury

§ 359.40

not known, the TIN of the purchaser must be included in the registration of the bond.

[71 FR 46857, Aug. 15, 2006, as amended at 76 FR 66856, Oct. 28, 2011]

§§ 359.29–359.33 [Reserved]

§ 359.34 May I purchase definitive Series I savings bonds over-the-counter?

Effective January 1, 2012, Treasury discontinued the over-the-counter sale of definitive Series I savings bonds.

[76 FR 66856, Oct. 28, 2011]

§ 359.35 May I purchase definitive Series I savings bonds through a payroll savings plan?

Treasury discontinued the issuance of definitive Series I savings bonds through a payroll savings plan:

(a) Effective October 1, 2010, for United States government employees, and

(b) Effective January 1, 2011, for all other employees.

[75 FR 52461, Aug. 26, 2010]

§ 359.36 May I purchase definitive Series I savings bonds through employee thrift, savings, vacation, and similar plans?

You may purchase bonds registered in the names of employee plans in authorized denominations through a designated Federal Reserve Bank, as provided in part 360 of this chapter.

§ 359.37 How are definitive Series I savings bonds delivered?

We deliver definitive bonds by mail to your address. If your address is within the United States, its territories or possessions, or the Commonwealth of Puerto Rico, we will deliver bonds at our risk. Bonds delivered elsewhere will be delivered at your risk; however, at our discretion, we may require delivery to an address within the United States, or refuse delivery to addresses in countries referred to in part 211 of this chapter.

§ 359.38 How is payment made when definitive Series I savings bonds are redeemed?

A financial institution qualified as a paying agent under the provisions of

part 321 will pay the current redemption value of a definitive Series I bond presented for payment. The bond must meet the requirements for payment specified in part 360. You must establish your identity and entitlement to redemption to the satisfaction of the agent, in accordance with our instructions and identification guidelines, and must sign and complete the request for payment.

§ 359.39 How are redemption values calculated for definitive Series I savings bonds?

We determine the redemption value of a definitive savings bonds for the accrual date (the first day of each month) by first determining the composite rate as defined in § 359.13. If the result of the composite rate calculation is a negative value, zero will be the assumed composite rate in the redemption value calculation. Redemption values are calculated using the following formula (For examples of the calculation, see appendix A to part 359):

$$FV = PV \times \{[1 + (CR \div 2)]^{(m \div 6)}\}$$

Where:

FV (future value) = redemption value on the accrual date rounded to the nearest cent without consideration of penalty.

PV (present value) = redemption value at the beginning of the semiannual rate period calculated without consideration of penalty. For bonds that are older than five years, PV will equal the redemption value at the start of the semiannual rate period.

CR = composite rate converted to decimal form by dividing by 100.

m = number of full calendar months elapsed during the semiannual rate period.

§ 359.40 How can I find out what my definitive Series I savings bonds are worth?

(a) *Redemption values.* Redemption values are available for definitive bonds in various formats and media.

(1) You may determine the redemption value for definitive bonds on the Internet at www.savingsbonds.gov.

(2) You may download savings bonds calculators from the Internet at www.savingsbonds.gov.

(3) You may obtain paper tables from the Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328. We reserve the right to cease making