



## Savings Bond Advisor

# Savings Bond Fact Sheet

Copyright © 2012 by Alert Media

Good until April 30, 2012 (v8.2) - free upgrades at:

<http://www.savings-bond-advisor.com/>

### Comparison of U.S. Savings Bonds with other low-risk investments

	Safe from borrower default	Safe from capital loss	Safe from inflation	Rates	Redemption limits	No fee	Tax advantages
<b>Bank Savings Accounts</b>	FDIC or equivalent insurance to \$250,000 per account through 2013, then \$100,000	<b>Yes</b>	No	Adjustable	<b>No</b>	<b>Yes</b>	No
<b>Bank Money Market Accounts</b>				Fixed			
<b>Bank Certificates of Deposit</b>				Adjustable	<b>No</b>		
<b>Money Market Mutual Funds</b>	Minimal risk						
<b>Bond Mutual Funds</b>	Depends on fund	No	Fixed	Depends on policy	Yes	No	<b>Yes</b>
<b>Insurance Policies and Annuities</b>	Depends on policy	<b>Yes</b>	Depends on policy	Depends on policy	Yes		<b>Yes</b>
<b>Marketable Treasury Securities</b>	<b>Guaranteed by the US Government</b>	No	<b>Yes, with TIPS</b>	Fixed	No with commission	If bought from TreasuryDirect	No
<b>Series EE Savings Bonds</b>		<b>Yes</b>	No	Fixed	1-year limit	<b>Yes</b>	<b>Yes</b>
<b>Series I Savings Bonds</b>			<b>Yes</b>	Fixed base rate plus inflation adjustment	Early (5-years) redemption penalty		

### Key features of U.S. Savings Bonds

Feature	
<b>Safe from borrower default</b>	Savings Bonds are backed by the full faith and credit of the U.S. Government, which makes them among the safest of all investments. Savings Bonds can be replaced if lost, stolen, or destroyed.
<b>Safe from capital loss</b>	Some fixed-rate interest-bearing investments, including government and corporate bonds and bond mutual funds, decline in value when interest rates rise. The value of Savings Bonds can never go down.
<b>Safe from inflation (Series I)</b>	One of the major risks of fixed-rate low-risk investments is that inflation will exceed the rate of interest and lower the value of the investment. Series I Savings Bonds protect your investment by paying an interest rate that's based on and guaranteed to be higher than the current inflation rate.
<b>Rates</b>	Like most other interest-bearing investments, Savings Bonds have fixed rates that are locked down on the day you invest. The interest rate for Series I bonds is also adjusted for inflation.
<b>Redemption limits</b>	Except in the case of major natural disasters, Savings Bonds can't be redeemed for one year after purchase. In addition, there is a three-month interest penalty for redemption before five years.
<b>No fee</b>	There are never any fees for purchasing or redeeming a Savings Bond.
<b>Tax advantages</b>	Federal income tax can be deferred on Savings Bond interest until you redeem the bond. Savings Bond interest is exempt from state and local income taxes. If you have higher education expenses, you may qualify to exclude your Savings Bond interest from your Federal income tax.

## Differences between Series EE and Series I

Series Differences	Series EE	Series I
Current rates for new bonds	<b>0.60%</b> (3.50% guarantee if held 20 years)	<b>Composite Rate: 3.06%</b> (Fixed Base Rate: 0.00%)
Sold at half face value	All Savings Bonds earn interest based on the amount you invest. Paper Series EE Savings Bonds are sold at half of face value (you pay \$50 for a \$100 bond) and reach face value after 20 years.	Paper Series I bonds are sold at full face value. (Both Series EE and I electronic bonds don't have a face value; they are tracked based on the amount of your investment.)
How rates are set	The interest rate for new bonds is good for 20 years. The Treasury can set a new rate for the last 10 years of the bond's 30-year life.	An I bond's fixed base-rate never changes over its 30-year life. All I bonds also earn additional interest based on the current inflation rate, which is calculated every six months.

## Additional features of Savings Bonds

Feature	
Paper or Electronic	<b>Paper</b> Savings Bonds are no longer available <b>for purchase</b> with one exception - you can invest in up to \$5,000/year in paper I bonds using your tax refund and tax return. <b>Electronic</b> Savings Bond investments can be made by opening an online account at <a href="http://www.treasurydirect.gov">http://www.treasurydirect.gov</a>
Registration	The U.S. Treasury keeps a record of the registered owner of all Savings Bonds, which allows it to replace lost, stolen, or destroyed bonds. Savings Bonds can be registered to a single owner, to an owner and co-owner (who can redeem the bonds without the permission of the owner), or to an owner and beneficiary (who can't redeem the bonds unless the owner dies).
Annual investment limit	Savings Bonds have an annual purchase limit of \$10,000 per series. A single individual investing in both series and both types of bonds could invest up to \$20,000 a year. Using a tax refund in addition to TreasuryDirect, the annual limit for I bonds is \$15,000.
Final maturity	Series EE and Series I Savings Bonds pay interest for 30 years. If left unredeemed, income tax is due on the interest in the year in which the bonds reach final maturity and stop paying interest. All Series EE and Series I bonds are currently earning interest.
Interest Payments	Interest compounds (is added to the bond's value for interest rate calculations) twice a year – six months after the bond is issued and every six months after that. Interest accrues (is added to the bond's value for redemption calculations) on the first business day of each month.

## Savings Bond Advisor

### Description

Let our book, **Savings Bond Advisor**, introduce you to the Cinderella of investments, the U.S. Savings Bond. Financial pundits have neglected the Savings Bond for a generation, but savvy investors haven't. As the clock ticks towards midnight, learn why it's time to abandon uncertain investment strategies and join the partygoers who will get back every penny they invest plus interest. Most people don't realize it, but the Savings Bond has been dressing for the ball since the U.S. Treasury introduced the inflation-protected Series I Bond and online accounts at Treasury Direct.

After a weekend reading **Savings Bond Advisor**, you'll understand how Savings Bonds work, the history of inflation, why the Series I bond is an excellent choice for the low-risk portion of your investment portfolio, and how to open an online investment account directly with the US Treasury.

If you already have an investment in Savings Bonds, your weekend with this book will teach you how to avoid the Stinker Bond Penalty, the Double-Taxation Trap, the Deferred-Tax Time Bomb, and Hidden Interest-Rate Penalties. You'll also find out that some older Savings Bonds are a bad choice for almost every investor and what to do if you own one. If you've just inherited Savings Bonds or are the Executor of an estate holding Savings Bonds, you'll learn the advantages of disadvantages of the many options the estate has in terms of taxes, redemption, and re-registration of the bonds. You'll get links to the correct forms to use and detailed instructions on what documentation you'll need to present.

Tom Adams, the author of **Savings Bond Advisor**, also answers questions from the book's readers on the web site.

*Alert Media publishes the best-selling book on Savings Bonds. Available from Amazon.com*

