



## **Congressional Action Ideas: U.S. Savings Bonds at Tax Time**

***There's News—For the first time since the 1960s, U.S. Savings Bonds can be purchased via Form 1040 this year!***

*On September 5, 2009, President Obama announced a policy change to help all Americans save more--the return of a purchase option for U.S. Savings Bonds to the tax form. This is especially good news for lower-income taxpayers, who have traditionally lacked an attractive way to save. Members of Congress can play a crucial role in helping spread the word about this new availability. Some suggestions follow.*

### **Template for Member Website Announcement**

*[Member] Highlights a New Federal Policy That Provides a Good Way to Save*

As tax season begins, [Member] is alerting constituents to look for the new IRS 8888 (which accompanies Form 1040, 1040A and 1040EZ) that will allow taxpayers to buy U.S. Series I Savings Bonds directly with part of their refunds this year. Series I Savings Bonds are inflation-protected, currently paying a solid interest rate of 3.36%, and now very easy to acquire via Form 8888 at tax time. Read more... [link to article below, information on [http://www.whitehouse.gov/the\\_press\\_office/Weekly-Address-President-Obama-Announces-New-Initiatives-for-Retirement-Savings](http://www.whitehouse.gov/the_press_office/Weekly-Address-President-Obama-Announces-New-Initiatives-for-Retirement-Savings) or [http://www.treasurydirect.gov/indiv/research/faq/faq\\_irstaxfeature.htm](http://www.treasurydirect.gov/indiv/research/faq/faq_irstaxfeature.htm)]

###

### **Template for Article in Constituent Newsletter**

*Helping You Save with U.S. Savings Bonds: New Federal Policy Makes it Easier*

This year, for the first time since the 1960s, taxpayers will have the option to purchase U. S. Savings Bonds at tax time.

President Obama announced the policy change in a savings and retirement address over Labor Day. It's one of the ways saving is being supported in today's challenging economy, when many of us are struggling financially.

Saving—the foundation of a rainy day fund to get through hard times or to get started on plans for the future such as a college education—is an important activity no matter what your income level. But it can be hard to set aside money or to find the kind of saving vehicle that pays a solid rate of return, has a low minimum purchase price, and is safe and secure at the same time.

U.S. Savings Bonds fulfill these needs. Series I Savings Bonds are currently paying 3.36%; you can buy one for as little as \$50 (the maximum purchase per taxpayer per year is \$5,000); and they are guaranteed by the full faith and credit of the United States Government. They are also protected against inflation; their rates adjust twice a year to reflect changes in consumer prices. Interest is compounded twice a year, which helps boost a bond's value.

President Franklin Roosevelt signed Savings Bond legislation into law in 1935, and bought the first Series E Bond in 1941; bonds have been available every year since then (over seventy years).

While you can buy one at any bank, I am excited to let you know that a fast, hassle-free means of purchasing bonds is now available at tax time. By checking a box on Form 1040 and filling out the IRS Split Refund Form 8888, taxpayers can order paper bonds that will be mailed directly to their home addresses. No visits to the bank or collecting of additional information is necessary (Social Security numbers, addresses, etc. are furnished to the IRS directly from the tax return).

Often, tax time means refund money, so it is one of the few times a year when families can easily put aside some money for saving. Investing it in Series I Savings Bonds will mean security and growth; the bonds keep earning interest for 30 years. And earnings on savings bonds are always exempt from state and local taxes, and not subject to federal taxation until redemption. Bonds were designed to be an investment, so bond buyers must hold them for one year before redeeming. If you cash them between one and five years, you will lose the last three months' interest. After five years, you can cash them and get their full worth at the time of the transaction.

You can read more about U.S. Series I Savings Bonds at [www.treasurydirect.gov](http://www.treasurydirect.gov) or call my office for more information.

###

### **Suggested Savings Bond Photo Op**

As tax season gets underway, members of Congress have the opportunity to visit constituent tax preparation sites, such as Volunteer Income Tax Assistance (VITA) sites that serve taxpayers making less than \$49,000/year by preparing tax returns free of charge.

This opportunity would be suitable for media/photo coverage, featuring the member talking to people about a good wealth-building tool that taxpayers can utilize even in a down economy, when family budgets are tight and people are worried about the future.

Members can observe taxpayers making the decision to buy savings bonds, or can proactively take the opportunity to let people know about the new policy and its benefits for constituent saving.

Some ideas:

- Member can move through the waiting crowds (often sizable), greeting constituents and asking whether they've heard about the new opportunity to save at tax time with U.S. Savings Bonds
- Member can fill out bond-purchase paperwork (assisted by site staff) for a taxpayer that has decided to buy a bond and do a short interview for the media with the buyer
- Member can give a short statement to the staff and waiting clients about his/her support of saving and support of Savings Bonds at tax time
- While visiting tax preparation site, member can wear a button saying "Ask Me About U.S. Savings Bonds" and/or carry a super-sized facsimile of a Savings Bond to elicit constituent participation (collateral readily available to members through NAF partners)

###