



## Congressional Information Sheet U.S. Savings Bonds at Tax Time

*In 2010, the U.S. Savings Bond Pilot will mark its fourth year of deployment at Volunteer Income Tax Assistance (VITA) sites across the nation. Designed to test whether low and middle income families would save if given easy access to an appropriate savings product at a time of year when tax refunds provide a lump sum of cash for many, the pilot has yielded very encouraging results. In 2009, the pilot's sponsors were delighted when Pres. Obama announced a policy change they had been advocating for some time—the return of a purchase option for U.S. Savings Bonds to the tax form, to make it easy for **all** taxpayers to save.*

### The U.S. Savings Bond Pilot 2007-2009

- **Sales:** 3,075 tax filers at 80 tax sites nationwide bought bonds for 5,000 people.
- **Savings:** \$615,000, an average of \$201 per client.
- **Buyer Profile (2008):**
  - a. Typically women (79%), parents (74%).
  - b. Low-income (\$19,000 average AGI).
  - c. Buying for offspring - 59% of buyers surveyed bought bonds for their children, 8% for grandchildren.
  - d. Strong comfort level with bonds - 74% of buyers surveyed were familiar with savings bonds, vs. 26% for IRAs and 34% for CDs.
- **Appetite for Bonds (2007-08):**
  - a. Six to nine percent of eligible tax filers bought bonds (up to five times higher than for other savings products).
  - b. Return customers - 38% of Tax Season '07 buyers who were eligible to buy bonds in Tax Season '08 did so.
- **New Savings (2008):**
  - a. At the time of bond purchase, 64% of buyers surveyed reported no money saved or invested.
  - b. 84% had less than \$1000 saved.
- **Long-term, Goal-oriented Savings (2008):**
  - a. 62% of buyers surveyed said they were saving for education.
  - b. 58% plan to hold their bonds for 5 years or more, and 40% plan to hold their bonds for at least 10 years.

- c. IRS data for 2007 and 2008 showed redemption rates for pilot bond purchasers closely tracks national redemption rates.

## **About Series I U. S. Savings Bonds**

- **Secure:** Backed by the full faith and credit of the U.S. Government.
- **Accessible:** Available for as little as \$50, to anyone with a Social Security number or ITIN (Series I Bonds only).
- **Protected:** Returns designed to exceed inflation; can be replaced if lost or stolen.
- **Well-suited to lower-income consumers:** No fees to buy or redeem, highly portable and no need for a bank account or credit history to purchase.
- **Giftable:** Paper bonds make good gifts to loved ones.
- **Strong Return:** Grow in value for up to 30 years; interest rate in early 2010 is 3.36%, higher than most savings accounts, money market accounts, and CDs.

## **About Doorways to Dreams (D2D) Fund**

D2D Fund is a national non-profit seeking to expand access to financial services, especially asset-building opportunities, for low-income families by creating, testing and deploying innovative financial products and services. D2D works with the financial services industry, national non-profit groups, grassroots community agencies, public policy organizations, and public officials to generate promising ideas, pilot test systems and programs, build awareness of the needs and potential of low-income communities, and advocate progressive social and economic policy.

## **About the Savings Bond Working Group (SBWG)**

The Savings Bond Working Group was convened by D2D to address wealth-building opportunities related to use of U.S. Savings Bonds, with particular attention to restoring an option to purchase Savings Bonds as part of the tax-filing process. Members include grassroots agencies, policy organizations, businesses and not-for-profits.

For additional information on Savings Bonds, see [www.treasurydirect.gov](http://www.treasurydirect.gov)

For additional information on the pilot, see [www.d2dfund.org](http://www.d2dfund.org)