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President Instructs IRS to Give Americans Easy Tax Time Option to Save

Now Possible to Buy U.S. Savings Bonds Automatically on Tax Form

BOSTON—In his September 5 weekly address to the nation, President Obama announced that all Americans who receive tax refunds will have the option to purchase U. S. Savings Bonds at tax time. “We have to revive this economy and rebuild it stronger than before. And making sure that folks have the opportunity and incentive to save...is essential to that effort.” By checking a box on Form 1040 directing the IRS to distribute their refund amount in several ways, refund recipients can order between \$50 and \$5000 worth of savings bonds to be delivered directly to them within weeks of receiving their return.

“We are thrilled to see the option to purchase U. S. Savings Bonds with tax refunds returned to the tax form,” said Peter Tufano, a Harvard Business School professor and chairman of the not-for-profit Doorway to Dreams (D2D) Fund which has been working to restore the purchase option, removed from Form 1040 in 1968. “Saving is difficult for most people, as evidenced by low US savings rates in the last few decades. Research shows that making it easy for people to save can boost savings, helping people take care of themselves and their families. The Obama administration is giving over 100 million refund recipients a universal, simple, and solid savings option.”

“The process of buying a bond at a bank can be time-consuming and unfamiliar. Now the low and moderate-income clients we serve will have an easy way to create savings by checking a box,” said Courtney Noble, United Way of King County Tax Campaign Manager and member of the Savings Bond Working Group, who, along with community-based groups nationwide worked with D2D and the Treasury Department on this project. “Moreover, enabling people to save at tax-time—when refunds often give people the most money they will have all year—will cultivate savings habits.”

“This is a great example of how a group of community leaders with a commitment to making saving a reality for all Americans, regardless of their income, can come together and use their power as citizens and advocates to effect lasting change,” said David Marzahl of the Center for Economic Progress and the National Community Tax Coalition, whose members supported efforts to link tax refunds to savings bonds. “I am proud of the dozens of organizations from all across the country that banded together to help make this proposal a success.”

"The Rockefeller Foundation is committed to funding appropriate and effective tools for helping American workers save more and weather periods of economic insecurity, such as the recent financial downturn," said Margot Brandenburg of the Rockefeller Foundation. "Funding organizations like D2D for its work on savings bonds is just what we hope and believe will improve the economic security of lower-income Americans, while benefitting the economy as a whole."

According to Mark Iwry, Senior Advisor to the Treasury Secretary, who was instrumental in overseeing this policy change, the purchase of U.S. Savings Bonds with partial refunds will be implemented using IRS Form 8888, instituted in 2007 to allow refund recipients to split direct deposits among several accounts such as checking, saving, IRA--and now bond purchase.

A recent report, *Yes We Can: Inclusive Saving for All Americans* (<http://d2dfund.org/http%3A/%252Fd2dfund.org/yeswecan>), documents a three-year pilot that experimented with offering a savings bond purchase to thousands of Volunteer Income Tax Assistance (VITA) clients from 2007-09 by means of a software portal, with special waivers from Treasury and support from H&R Block Bank. “In this pilot, 3,025 low-income tax filers bought 5,004 bonds worth \$630, 000,” said Timothy Flacke, D2D Executive Director. “Upwards of 60% bought for their children or grandchildren. We can’t wait to see how many people buy bonds, now that President Obama has raised our pilot experiment to national scale.”

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 SBWG 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.

