PUBLIC DEBT INTRODUCES BondPro™
A NEW BOND PRICING SYSTEM

BondPro™, a new Windows pricing system for savings bonds, is now available. If you are familiar with our CRV program, you will notice a world of difference between the two programs. BondPro™ includes all the features of CRV plus much more!

Since some financial institutions’ systems are still DOS-based, Public Debt will continue to offer CRV in addition to BondPro™ for awhile longer. BondPro™ allows you to print savings bond redemption tables directly from the program. This will help us with our goal to eliminate paper savings bond redemption tables by the year 2001. Best of all, BondPro™ is free of charge to paying agents.

BondPro™ will help you cash, price and exchange your customers’ savings bonds. With each transaction, you enter the bond series, denomination and issue date BondPro™ automatically calculates the interest and redemption values. Then, it generates a customer receipt and stores the complete transaction. The new system:

- Helps in exchange of Series EE/E Bonds and Savings Notes for Series HH Bonds
- Prints redemption tables (by series and redemption month)
- Creates an ASCII text file for 1099-INT reporting to IRS
- Provides system security (two levels of users—end users and supervisors)
- Builds and maintains customer accounts (you can easily add, delete or edit accounts)
- Saves customer transactions (at the detail or summary level)

IN THIS ISSUE
PUBLIC DEBT INTRODUCES BondPro™ .............................................. 1
ANNE M. MEISTER NAMED DEPUTY COMMISSIONER .............. 1
TWO NEW I-BOND DENOMINATIONS SET FOR SALE ON MAY 1 .......... 2
CUSTOMER SERVICE IS IMPORTANT! ................................. 3
SCAMS AND FRAUD REALLY DO EXIST .............................. 3
Y2K—ARE YOU READY? ............................................. 4
PAYMENT, PAYMENT, WHO’S GOT THE PAYMENT? .............. 4
HOME BANKING UPDATE ........................................ 4
HERE’S A SITE DESIGNED FOR AGENTS .................................. 4
A RESOURCE GUIDE IS A VALUABLE FRIEND ..................... 5
HH/H REDEMPTIONS CAN BE DIRECT DEPOSITED .............. 5
EASYSAVER PLAN SIMPLIFIES BOND BUYING ..................... 5
WHEN DO BONDS STOP EARNING INTEREST? ....................... 6
NEW SAVINGS BOND WIZARD RELEASED .......................... 6
SAVINGS BONDS SEMINARS ........................................ 6

ANNE M. MEISTER NAMED DEPUTY COMMISSIONER

The appointment of Anne M. Meister as Deputy Commissioner of the Bureau of Public Debt was announced in March by Public Debt Commissioner Van Zeck. Ms. Meister previously served as Public Debt’s Federal Reserve liaison officer.

- Supplies on-line help
- Requirements for system use:
  - Microsoft Windows 95, 98, or NT 4.0 or higher
  - Microsoft Internet Explorer 4.0 or higher*
  - Client/Server Installation: Server 31 MB, Client 25 MB
  - Stand Alone Installation: 40 MB
  - 32 MB RAM, recommended
  - Super VGA monitor or better, 800 X 600 resolution recommended

*NOTE: The PC needs this software loaded to read the help files; you do not need connection to the Internet

If you need more details or are ready to order your copy, contact us by:
E-mail: BondPro@bpd.treas.gov;
Phone: (304) 480-6888 or
Internet: www.savingsbonds.gov/sav/sbbpmain.htm
TWO NEW I-BOND DENOMINATIONS SET FOR SALE ON MAY 1

Series I-Bonds, a new series of United States Savings Bond, were introduced in July 1998 and first offered for sale on September 1, 1998, in denominations of $50, $75, $100, $500, $1,000, and $5,000. Sales of two additional denominations, $200 and $10,000, are scheduled to begin on May 1.

The I-Bond is an inflation-indexed savings bond designed to protect Americans’ savings against future inflation, and also to honor eight Americans for their significant contributions to America’s past, present and future.

Just as portraits on the first six I-Bond denominations honored six individuals for their contributions to the nation, the newest two denominations also feature noteworthy Americans.

Chief Joseph, a Native American leader, is featured on the $200 I-Bond. He is best known for his principled resistance to the U.S. government’s attempts to force the Nez Perce onto a reservation. An 1863 treaty took away their lands and forced the Nez Perce and their leader into a position of resistance. Though he consistently opposed war, when conflict became inevitable, Chief Joseph and other leaders led the Nez Perce on a courageous retreat in 1877 for more than a thousand miles through Montana and Idaho. After a five-day siege only 30 miles from safety, he surrendered. After surrendering, Chief Joseph and his people were taken to Kansas and present-day Oklahoma. It was not until 1885 that they were returned to the Pacific Northwest, and even then Chief Joseph and others were taken to non-Nez Perce territory. Chief Joseph died in 1904, still in exile, on the Colville Reservation in Washington. In his final years, Chief Joseph spoke eloquently of the injustice of United States policy toward his people and held out hope that one day freedom and equality might come for Native Americans.

Spark Matsunaga, a war hero who became a United States Senator from Hawaii is pictured on the $10,000 I-Bond. He dedicated his career to promoting peace and achieving justice. A Japanese-American, Matsunaga served with distinction in the 100th Infantry Battalion, the first Japanese American unit formed during World War II, for which he received the Bronze Star and two Purple Hearts. As a political leader, he was a champion of civil rights for all Americans regardless of race. As a member of the United States Senate, he worked to promote the peaceful resolution of conflicts, and he fought for redress for survivors of the World War II internment camps. He was also a major proponent of the use of renewable energy sources.

When originally developed and printed, I-Bond purchase order forms (Public Debt Forms 5374 and 5374-1) included spaces for ordering $200 and $10,000 bonds. This means issuing agents can provide I-Bond purchase order forms already on hand to customers who want to buy bonds of these two new denominations. (Denominational exchanges—exchanging two $100 I-Bonds for a $200 I-Bond of the same issue date, for example—are not permitted). If you need to replenish or obtain a supply of I-Bond purchase order forms contact the Federal Reserve Office that provides savings bond services to your region.

An I-Bond’s price is its face amount— you buy a $100 I-Bond for $100—and its interest rate is a composite rate consisting of a fixed rate that remains the same for the life of the bond and an inflation rate that changes twice a year. Interest earned from the composite rate accrues monthly and is compounded semiannually.

When I-Bond interest accrues, the bond’s value increases. Interest earnings are payable upon redemption. An I-Bond can be redeemed six months after its issue date, or held for much longer, since it earns interest for up to 30 years. If an I-Bond is redeemed before it turns five years old, the three most recent months’ worth of interest on that bond are forfeited.

Interest earnings are exempt from state and local income taxes, but are subject to Federal income taxes as well as any Federal or state estate, inheritance, gift, or other excise taxes.

(Continued on page 3 )
CUSTOMER SERVICE IS IMPORTANT!

There have been several improvements in the U.S. Savings Bond Program over the last 10 years–improvements designed to (1) make it easier for you as savings bond agents to help customers and (2) make savings bond transactions speedier. EZCLEAR made processing redeemed savings bonds quicker and simpler. For over-the-counter bond buying, the Regional Delivery System removed the burdens of maintaining inventories of unissued bond stock and issuing bonds on a while-you-wait basis. With BondProTM, Treasury also offers you free software that you can use to look up what bonds are worth and other information about bonds you redeem.

With all these improvements, one thing hasn’t changed; the need to provide good customer service. Treasury expects savings bond agents to help savings bond customers who do not have accounts with your institution as well as customers who do.

Treasury sincerely appreciates the fact that financial institutions volunteer to become savings bond agents. By requiring that agents offer at least a limited level of service to bond owners who do not have accounts with agents, Treasury ensures that all bond owners have a convenient means of redeeming bonds.

To accomplish this goal the requirement that agents redeem eligible securities for any presenter, whether or not a customer, is included in the agents’ responsibilities. This of course assumes that the presenter can establish his or her identity as the owner or coowner named on the bonds in accordance with the Treasury Identification Guide for Cashing United States Savings Bonds.

This rule means that an owner who presents an acceptable identification document is entitled to cash bonds worth $1,000 or less even if the owner does not have an account with your institution. The bond owner who is not an account holder usually may cash no more than $1,000 (redemption value) in bonds per transaction because identity is established through documents, such as, a driver’s license, a less reliable form of identification. (The $1,000 limitation is in the Identification Guide.)

Treasury also prohibits charging a fee for redeeming savings bonds, including when you process EE/E bonds presented in exchange for HH Bonds. The prohibition against charging the customer applies to all aspects of bond redemption transactions. The activity we refer to as “redeeming savings bonds” includes fulfilling IRS-imposed tax reporting requirements.

When accepting EE or I-Bond purchase orders (PD F 5263 and PD F 5374), you are not required to accept checks and other remittances drawn on an account with another institution–i.e., funds that are not immediately available. You are, however, expected to accept a purchase order from anyone buying bonds with cash or a check drawn on an account (containing sufficient funds) with your institution. Again, the purchaser may not be charged for the transaction.

SCAMS AND FRAUD REALLY DO EXIST

Every now and then we hear about scams and fraud involving fake Treasury securities. One scam involves bogus securities that purport to be issued through a “Bank of Washington” by the “Ministry of Finance” in the 1930’s or 1940’s. Both entities are non-existent. Typically interest coupons are attached. These are usually called“USDOLLARBONDS”.

A similar scam uses the portrait of George Washington and other images from the one dollar bill to make it appear to be worth $1 million or more. The attached coupons are sometimes written in English and in Chinese. The text on the “USDOLLARBONDS” is written in poor grammar with misspelled words. Inquiries about bogus or questionable securities may be referred to the nearest office of the United States Secret Services or the Bureau of the Public Debt, Parkersburg, WV 26106-1328. Information on scams can also be found at our web site: www.publicdebt.treas.gov/cc/ccphony.htm

I-Bonds may be attractive to investors for the following reasons: they protect investors from inflation; and in addition to other tax benefits all or part of the interest earned may be tax-exempt if used for college tuition and fees at eligible post-secondary educational institutions, when income and other restrictions are met.

I-Bond interest rates for the May through October 1999 period had not been announced as The Bond Teller went to press. Check for the notice provided your institution by the Bureau of Public Debt or check the Savings Bonds Web Site: www.SavingsBonds.gov.

TWO NEW I-BONDS

(Continued from page 2)

The CPI-U (Consumer Price Index-Urban Consumers) is used to measure inflation (or, deflation). Because the composite rate for a bond is determined in part by a measurement of changes in the level of prices, deflation may cause the value of an I-Bond to increase slowly or not at all. However, an I-Bond’s value will not be permitted to decrease.
Y2K — ARE YOU READY?

Y2K — are you ready? undoubtedly is one of the most often asked questions of the year. At Public Debt, we believe the answer is yes.

Our computer experts have been hard at work to ensure that all our software is ready for the Year 2000. This not only includes the software we use internally to track the sale and redemption of savings bonds, but also the programs used to calculate the redemption value of bonds that we provide to financial institutions.

Our DOS-based CRV program has been Y2K ready since July, 1998. Look for the text file CRVTEST.TXT. Our newest redemption software, BondPro™, (see story on page 1.) was written from the ground up to be Year 2000 ready.

The Federal Reserve also has been working hard. All savings bond related programs within the FRBs have been thoroughly checked and tested for century date change readiness. For more information on all our Y2K efforts, visit our web site at www.savingsbonds.gov/cc/ccy2k.htm or give us a call at 304-480-6200.

A Year 2000 Readiness Disclosure

PAYMENT, PAYMENT, WHO’S GOT THE PAYMENT?

With mergers almost a daily occurrence, your customers are concerned about receiving their ACH payments for Series HH/H bonds. If a merger results in changes to your bank’s routing number or your customers’ account information, you should report those changes through the ACH system. Timely reporting of changes results in payments deposited to customers accounts without delays or errors.

The best way to change or correct account information for direct deposit is the notification of change procedure (NOC) available through the Automated Clearing House network. As a service to your customers and yourself, please report any changes through the NOC system. If there’s a problem, contact your servicing Federal Reserve Bank or the Bureau of the Public Debt, Current Income Bond Branch, Parkersburg, WV 26106-2186 (304-480-7999).

HOME BANKING UPDATE

Public Debt continues to help financial institutions and software developers add U.S. Savings Bond sales to their online services. At the beginning of 1999, there were 17 institutions selling bonds through their web sites, with many more at various development stages.

From small community banks and credit unions to large multi-state banks, institutions of all sizes are recognizing the benefits of this new way of selling bonds. Institutions not only give customers a convenient new online service, but also reduce their lobby traffic.

To learn how home banking bond sales can help your institution visit our web site: www.savingsbonds.gov/sav/savhb.htm; e-mail the home banking team: homebank@bpd.treas.gov, or call:304-480-3600.

HERE’S A SITE DESIGNED FOR AGENTS

Did you know the Savings Bond web site provides information for issuing and paying agents? It’s a small, but growing area of our site.

If you go to www.savingsbonds.gov and click on “Savings Bond Agents” in the drop-down list headed For Our Customers, you’ll find:

- BondPro™ - Electronic Pricing for Banks,
- Downloadable Redemption Tables,
- The Bond Teller,
- Information about selling savings bonds via Home Banking,
- PF 3900, Identification Guide for Cashing U.S. Savings Bonds,
- Questions and Answers About EasySaver.

The site also provides valuable information about savings bonds for your customers. If customers ask tough questions about savings bonds, take a look at our web site. You’ll find everything from current interest rates and maturity periods to the latest version of the Savings Bond Wizard.

If you don’t find the answer on our web site, just e-mail us and we’ll get back to you within 2 business days—that’s a promise!

We’re always looking for ways to help our agent community, so if there’s something you’d like to see in the agent area please tell us by e-mailing us at SavBonds@bpd.treas.gov.

RATE INFORMATION

Current interest rates on savings bonds can be obtained by calling the toll-free recording 1-800-4US-BOND (487-2663).
A RESOURCE GUIDE IS A VALUABLE FRIEND

The “Savings Bonds Resource Guide” contains a wealth of information that you’ll likely find very helpful when handling savings bond transactions and answering questions. The Guide includes step-by-step, easy-to-use helps for doing transactions at your institution as well as for assisting customers with transactions that have to go to a Federal Reserve Office—e.g., reissues and exchanges of EE/E bonds and savings notes for HH bonds.

Of particular help may be the appendix that contains extensive questions and answers on how savings bonds and notes earn interest.

If you haven’t seen or heard of the “Savings Bonds Resource Guide”, check around to see if someone else at your institution has one. If not, contact the Federal Reserve Office that provides savings bond services to your region. Since an update to the guide was published last year, ask for the guide and the update.

Change of Address

Editor: Please change the mailing address

From: (Recipient please affix old label here or provide the identification number printed above the address on the label.)

To: __________________________________________

_____________________________________________

_____________________________________________

Please change the number of copies I receive

from _____ to _____.

_____ I no longer wish to receive “The Bond Teller.”

HH/H REDEMPTIONS CAN BE DIRECT DEPOSITED

Bond owners may now have redemption payments for Series H, HH, F, G, J, and K bonds made by direct deposit to a checking or savings account at a financial institution. Form PD F 5396 was recently revised to allow a payee to request direct deposit of a redemption payment for these bonds. Send the completed and signed direct deposit form and the signed and certified bonds with any other appropriate forms and evidence to your servicing Federal Reserve Office.

You can get a supply of revised Form PD F 5396 from your Federal Reserve Office or the form can be downloaded from www.savingsbonds.gov.

EASYSAFER PLAN SIMPLIFIES BOND BUYING

A new way to buy savings bonds by automatic, electronic debits—the U.S. Savings Bonds EasySaver Plan was introduced last November. We want you to know about this way to buy Series EE and I bonds so you can answer customer questions about the plan.

EasySaver is offered for people who want to save regularly but do not have access to payroll savings plans where they work or bond-a-month plans where they bank. It will complement, not replace, established over-the-counter purchase methods and payroll savings plans. To sign up for EasySaver, customers complete enrollment forms to schedule purchases (at least two annually) and to authorize ACH debits to their financial accounts.

The Welcome to EasySaver brochure, which includes the enrollment form and return envelope, can be obtained by calling 1-877-811-SAVE (7283), or by writing to: U.S. SAVINGS BONDS EASYSAVER PLAN, P.O. BOX 802, PARKERSBURG, WV, 26102-0802. The brochure may also be requested at, or downloaded directly from, Public Debt’s EasySaver web site, www.easysaver.gov.

ABBREVIATED TABLES

When customers ask for copies of Savings Bonds Redemption tables tell them about the abbreviated tables for $50 Series EE Bonds and $25 Series E Bonds and Savings Notes. They can write to the Bureau of Public Debt, Parkersburg, WV, 26106-1328 and ask for PD F 3600. Values of larger bonds can be calculated from this table.
NEW SAVINGS BOND WIZARD RELEASED

Public Debt recently released a new and improved Savings Bond Wizard–Version 2.0. The Savings Bond Wizard is designed to help bond owners manage their savings bond inventory and keep track of how much their bonds are worth. More than 800,000 people are already using it! The Wizard 2.0 is better than the earlier version because it has new features that make it easier to use.

The new Wizard:
- Prices I Bonds,
- Shows the yield to date, next accrual date, and final maturity date for each bond,
- Allows users to “cut and paste” bonds between inventory windows,
- Provides an update function to update the Wizard’s database every six months with new bond data, and
- Sorts a bond inventory in any column in ascending or descending order.

As in the past, this Windows® application allows investors to maintain an inventory of their bonds and determine the current redemption value, earned interest, and other information.

The bond inventory can be printed, providing investors with an important record if ever needed to replace lost, stolen or destroyed bonds. The record should be kept in a safe place separate from the bonds.

Bond owners can download the Wizard free of charge from Public Debt’s Internet site at www.savingsbonds.gov.

The Savings Bond Wizard requires Windows 3.1 or higher and 2.6 megabytes of disk space. This version includes data for pricing bonds with redemption dates of September 1998 through August 1999.

For more information, visit Public Debt’s web site at www.savingsbonds.gov or e-mail SavBonds@bpd.treas.gov.

SAVINGS BOND SEMINARS

Savings Bond Seminars are regularly offered to financial institutions through the five Federal Reserve savings bond processing sites.

Seminars cover a wide variety of savings bond topics including purchase, redemption, reissue, exchange and reinvestment of savings bonds; interest rates; college education benefits; and issuing and paying agent responsibilities.

For more information on the seminars, please contact your local Federal Reserve savings bond processing site.

To find out when a seminar will be presented in your area, check the schedule on the web at http://www.frbservices.org under Treasury/Government or call your servicing Federal Reserve Office:

- Buffalo 1-800-234-2931
- Kansas City 1-800-233-2919
- Minneapolis 1-800-553-2663
- Pittsburgh 1-800-245-2804
- Richmond 1-800-322-1909

GRADUATIONS AND WEDDINGS ARE GOOD TIMES FOR GIFT BONDS

If customers are buying bonds for gifts encourage them to take the gift certificate so that they can notify the recipient that a bond is coming.

Better yet, have the bond sent to the purchaser so that he or she may personally give the gift to the owner.