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INFORMATIONAL CIRCULAR NO: 97-P-034

DATE: May 21, 1997
SUBJECT: Series EE Savings Bond Terms
EFFECTIVE DATE: May 1, 1997
A & R CONTACT: Payroll Services, (913) 296-3146

APPROVAL:

SUMMARY: U.S. Treasury Announces New Terms for Series EE Bonds

On April 30, the Secretary of the Treasury announced three important changes in the U.S. Savings Bond Program that affect Series EE bonds **purchased on or after May 1, 1997**. These changes are summarized below:

- ◆ *Series EE bonds issued on or after May 1, 1997 will earn interest from the date of issue at rates equivalent to 90 percent of 5-year Treasury security yields. The new rates will continue to be announced on May 1 and November 1 of each year.*
- ◆ *Series EE bonds will now increase in value monthly, rather than every six months.*
- ◆ *A 3-month loss of interest will apply to bonds redeemed less than five years from date of issue. This feature is designed to encourage owners to hold their bonds for the longer term. It will not affect bonds held for five or more years.*

The new terms will not apply to bonds with issue dates before May 1, 1997.

Please share this information with employees in your agency who currently purchase Series EE bonds through the payroll savings bond program. Attached is a publication from the Federal Reserve Bank of Kansas City which further explains the changes made and should aid in answering inquiries you may receive at your agency.

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Attachments