checks, was accepted, subject to collection. Checks or other forms of exchange were to be drawn to the order of the Federal Reserve Bank or the United States Treasury, as the case may be. Checks payable by endorsement were not acceptable. Any depositary qualified pursuant to the provisions of 31 CFR part 203, also published as Department of the Treasury Circular No. 92, current revision, was permitted to make payment by credit for bonds applied for on behalf of its customers up to any amount for which it was qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

(c) *Savings stamps.* The sale of United States Savings Stamps was terminated effective June 30, 1970. However, outstanding stamps affixed in fully or partially completed albums could be used to purchase Series E bonds at banks or other financial institutions authorized to issue such bonds. Stamps may be redeemed at banks and other financial institutions, through designated Federal Reserve Banks and the Bureau of the Public Debt, Parkersburg, West Virginia.

[57 FR 14276, Apr. 17, 1992, as amended at 59 FR 10535, Mar. 4, 1994]

§ 316.7 Delivery of bonds.

Issuing agents were authorized to deliver Series E bonds either over-the-counter in person, or by mail at the risk and expense of the United States, to the address given by the purchaser, but only within the United States, its territories and possessions, and the Commonwealth of Puerto Rico. No mail deliveries elsewhere were made. If purchased by citizens of the United States temporarily residing abroad, the bonds were delivered to such address in the United States as the purchaser directed.

§ 316.8 Extended terms and yields for outstanding bonds.

(a) *General.* The terms *extended maturity period, second extended maturity period, third extended maturity period* and *fourth extended maturity period,* when used herein, refer to periods of 10 years or less after the original maturity dates during which owners may retain their bonds and continue to earn interest. No special action is required to take advantage of any extensions heretofore or herein granted. Series E bonds cease to accrue interest upon reaching final maturity.

(b) *Extended maturity periods*—(1) *Bonds issued from May 1, 1941 through April 1, 1952.* Series E bonds with issue dates of May 1, 1941, through April 1, 1952, reached or will reach final maturity 40 years after their respective issue dates, as shown below.

Issue dates—1st day of	Life of bonds yrs.	Final maturity dates—1st day of
May 1941–Apr. 1952 ..	40	May 1981–Apr. 1992.

(2) *Bonds issued from May 1, 1952 through November 1, 1965.* Bonds with issue dates of May 1, 1952, through November 1, 1965, will receive an additional extension of maturity ranging from 4 months to 2 years and 3 months, as shown below, so that these bonds will reach final maturity 40 years after their respective issue dates.

Issue dates—lst day of	Previous maturities		Previous maturity dates—1st day of
	yrs.	mos.	
May 1952–Jan. 1957	39	8	Jan. 1992–Sept. 1996.
Feb. 1957–May 1959.	38	11	Jan. 1996–Apr. 1998.
Jun. 1959–Nov. 1965.	37	9	Mar. 1997–Aug. 2003.

Issue dates—1st day of	Additional extended maturity period		Life of bonds—yrs.
	yrs.	mos.	
May 1952–Jan. 1957	....	4	40
Feb. 1957–May 1959	1	1	40
Jun. 1959–Nov. 1965	2	3	40.

Issue dates—1st day of	Final maturity dates—1st day of
May 1952–Jan. 1957	May 1992–Jan. 1997.
Feb. 1957–May 1959	Feb. 1997–May 1999.
Jun. 1959–Nov. 1965	June. 1999–Nov. 2005.

(3) *Bonds issued from December 1, 1965 through June 1, 1980.* Bonds with issue dates of December 1, 1965, through June 1, 1980, will receive an additional extension of maturity ranging from 3 years to 5 years, as shown below, so that these bonds will reach final maturity 30 years after their respective issue dates.

Issue dates—1st day of	Previous maturities		Previous maturity dates—1st day of
	yrs.	mos.	
Dec. 1965–May 1969.	27	....	Dec. 1992–May 1996.
June. 1969–Nov. 1973.	25	10	Apr. 1995–Sept. 1999.
Dec. 1973–Jun. 1980.	25	....	Dec. 1998–Jun. 2005.

Issue dates—1st day of	Additional extended maturity period		Life of bonds—yrs.
	yrs.	mos.	
Dec. 1965–May 1969	3	....	30
Jun. 1969–Nov. 1973	4	2	30
Dec. 1973–Jun. 1980	5	....	30

Issue dates—1st day of	Final maturity dates—1st day of
Dec. 1965–May 1969	Dec. 1995–May 1999.
Jun. 1969–Nov. 1973	Jun. 1999–Nov. 2003.
Dec. 1973–Jun. 1980	Dec. 2003–Jun. 2010.

(c) *Guaranteed minimum investment yield*—(1) *General*. Except as provided in paragraph (c)(2) of this section, the guaranteed minimum investment yields for outstanding Series E bonds are as follows:

(i) For Series E bonds that were in original or extended maturity periods prior to November 1, 1982, the guaranteed minimum investment yield was 8.5 percent per annum, compounded semiannually, effective for the period from the first semiannual interest accrual date on or after May 1, 1981, through the end of such periods, unless the bonds reached final maturity before November 1, 1981.[3] For bonds that entered extensions, see paragraphs (c)(1)(ii) through (c)(1)(iv) of this section.

(ii) For Series E bonds that entered extended maturity periods during the period of November 1, 1982, through October 1, 1986, the guaranteed minimum yield was or is 7.5 percent per annum, compounded semiannually, for such periods, including bonds that entered into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension	Entered on 1st day of—
Mar. 1953–Nov. 1957	3rd	Nov. 1982–Oct. 1986.
Feb. 1965–Dec. 1970	2nd	Nov. 1982–Oct. 1986.
Nov. 1977–June 1980	1st	Nov. 1982–June 1985.

(iii) For Series E bonds that entered into extended maturity periods during the period of November 1, 1986, through February 1, 1993, the guaranteed minimum yield was or is 6 percent per annum, compounded semiannually, for such periods, including bonds that entered into an extended maturity period, as shown below:

Issue dates—1st day of—	Extension[4]	Entered on 1st day of—
May 1952–Aug. 1953.	4th (final)[5]	Jan. 1992–Apr. 1993.
Dec. 1957–May 1965.	3rd	Nov. 1986–Feb. 1993.
Dec. 1965–Feb. 1966.	3rd (final)	Dec. 1992–Feb. 1993.
Jan. 1971–Feb. 1978	2nd	Nov. 1986–Feb. 1993.

[4] Interest for interest accrual periods of less than 6 months is prorated.

[5] All Series E bonds issued between May 1, 1941 and April 1, 1953, have matured and are no longer earning interest.

(iv) For Series E bonds entering extended maturity periods on or after March 1, 1993, the guaranteed minimum yield is 4 percent per annum, compounded semiannually, or the guaranteed minimum investment yield in effect at the beginning of the period, including bonds that enter extended maturity periods, as shown below:[6]

Issue dates—1st day of—	Extension[7]	Entered on 1st day of—
Sep. 1953–May 1965.	4th (final)	May 1993–Feb. 2003.
Jun. 1965–Nov. 1965.	3rd	Mar. 1993–Aug. 1993.
Jun. 1965–Nov. 1965.	4th (final)	Mar. 2003–Aug. 2003.
Mar. 1966–Feb. 1978.	3rd (final)	Mar. 1993–Feb. 2003.
Mar. 1978–Jun. 1980.	2nd	Mar. 1993–Jun. 1995
Mar. 1978–Jun. 1980.	3rd (final)	Mar. 2003–Jun. 2005.

[7] See footnote 2 above.

[3] Series E bonds issued from May 1, 1941, through October 1, 1941, had reached final maturity May 1, 1981, through October 1, 1981, before the 8.5 percent yield had become effective.

[4–5] [Reserved]

[6] Series E bonds with issue dates of July 1 and August 1, 1953, entered a final maturity period of 4 months on March 1, and April 1, 1993, respectively, and received a minimum investment yield of 6 percent per annum, compounded semiannually, for that period.

[7] [Reserved]

(2) *Eleven-year bonus.* If a bond bearing an issue date of January 1, 1951, or thereafter, was held for the 11-year period from the first semianual interest accrual period that began on or after January 1, 1980, its guaranteed minimum investment yield for such period was increased by one-half of one percent per annum, compounded semiannually.

(d) *Market-based variable investment yield.* In order to be eligible for the market-based variable investment yield, Series E savings bonds had to be held at least five years beginning with the first semiannual interest accrual date occurring on or after November 1, 1982. The market-based variable investment yield shall be determined by the Secretary of the Treasury as follows:

(1) For each 6-month period, starting with the period beginning May 1, 1982, the average market yield on outstanding marketable Treasury securities with a remaining term to maturity of approximately 5 years during such period is determined. Such determination by the Secretary of the Treasury or his or her delegate shall be final and conclusive.

(2) For bonds which entered an extended maturity period prior to May 1, 1989, the market-based variable investment yield from the first semiannual interest accrual date occurring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1987, will be 85 percent, rounded to the nearest one-fourth of one percent, of the arithmetic average of the market yield averages, as determined in accordance with paragraph (d)(1) of this section, for the appropriate number of 6-month periods involved, starting with the period beginning May 1, 1982.

(3) For bonds which entered an extended maturity period on or after May 1, 1989, the market-based variable investment yield from the first semiannual interest accrual date occurring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1989, will be 85 pecent, rounded to the nearest one-hundredth of one percent, of the arithmetic average of the market yield averages, as determined in accordance with paragraph (d)(1) of this section, for the appropriate number of 6-month periods involved, starting with the period beginning May 1, 1982.

(e) *Determination of redemption values during any extended maturity period.* The redemption value of a bond on a given interest accrual date during any extended maturity period will be the higher of the value produced by using the applicable guaranteed minimum investment yield or the value produced by using the appropriate market-based variable investment yield. The calculation of these values is described below:

(1) *Guaranteed minimum investment yield and resulting values during an extended maturity period.* A bond has a guaranteed minimum investment yield for each of its extended maturity periods. The applicable guaranteed minimum investment yields for the current extended maturity period and any subsequent periods are specified in paragraph (c) of this section. In order to determine the value of a bond during an extended maturity period, the value of the bond either at the end of the next preceding maturity period or when the guaranteed minimum investment yield last increased,[8] whichever occurs later, is determined using the applicable guaranteed minimum investment yield. This value is then used as the base upon which interest accrues during the extended maturity period at the guaranteed minimum investment yield in effect for savings bonds at the beginning of that period. The resulting semiannual values are then compared with the corresponding values determined by using the applicable market-based variable investment yields.

(2) *Market-based variable investment yield and resulting values during an extended maturity period.* The market-based variable investment yield from the first semiannual interest accrual date occuring on or after November 1, 1982 to each semiannual interest accrual date occurring on or after November 1, 1987, is determined as specified in paragraph (d) of this section. The value of a bond on its first

[8] The 11-year bonus was the last increase in the guaranteed minimum investment yield (see paragraph (b)(2)). Series E bonds which were eligible to receive this bonus received it on the first semiannual interest accrual date occuring on or after January 1, 1991.

seimannual interest accrual date occurring on or after November 1, 1982 is used as the base upon which interest accrues during an extended maturity period at the applicable market-based variable investment yield. If redeemed, the bond will receive the higher of the two values produced by using the applicable guaranteed minimum investment yield and the applicable market-based variable investment yield.

(f) *Market-based variable investment yields and tables of redemption values.* The market-based variable investment yields for bonds redeemed during each 6-month period, beginning on May 1 and November 1 of each year, are made available prior to each of those dates by the Bureau of the Public Debt, Parkersburg, West Virginia 26106–1328, accompanied by tables of the redemption values of bonds for the following 6 months, based on either the applicable market-based variable investment yields or guaranteed minimum investment yields.

[57 FR 14276, Apr. 17, 1992, as amended at 58 FR 60936, 60937, Nov. 18, 1993]

§ 316.9 Taxation.

(a) *General.* For the purpose of determining taxes and tax exemptions, the increment in value represented by the difference between the price paid for Series E bonds and the redemption value received therefor constitutes interest. Such interest is subject to all taxes imposed under the Internal Revenue Code of 1986, as amended. The bonds are subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but are exempt from all other taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possesions of the United States, or by any local taxing authority.

(b) *Federal income tax on bonds.* An owner of Series E bonds who is a cash-basis taxpayer may use either of the following two methods of reporting the increase in the redemption value of the bonds for Federal income tax purposes:

(1) Defer reporting the increase to the year of final maturity, actual redemption, or other disposition, whichever is earlier; or

(2) Elect to report the increases each year as they accrue, in which case the election applies to all Series E bonds then owned and those subsequently acquired, as well as to any other similar obligations purchased on a discount basis. If the method in paragraph (b)(1) of this section is used, the taxpayer may change to the method in paragraph (b)(2) of this section without obtaining permission from the Internal Revenue Service. However, once the election to use the method in paragraph (b)(2) of this section is made, the taxpayer may not change the method of reporting without permission from the Internal Revenue Service. For further information on Federal income taxes, the Service Center Director, or District Director, Internal Revenue Service, of the taxpayer's district may be contacted.

§ 316.10 Payment or redemption.

(a) *General.* A Series E bond may be redeemed in accordance with its terms at the appropriate redemption value shown in the applicable table described in paragraph (f) of § 316.8. The redemption values of bonds in the denomination of $100,000 are not shown in the tables. However, the redemption value of a bond in that denomination will be equal to ten times the redemption value of a $10,000 bond of the same issue date. A bond in a denomination higher that $25 (face amount) may be redeemed in part but only in the amount of an authorized denomination or multiple thereof.

(b) *Federal Reserve Banks and Branches and United States Treasury.* Owners of Series E bonds may obtain payment upon presentation and surrender of the bonds to a Federal Reserve Bank or Branch referred to in § 316.12 or to the Department of the Treasury with the request for payment on the bonds duly executed and certified in accordance with the governing regulations.

(c) *Incorporated banks, savings and loan associations and other financial institutions.* (1) A financial institution qualified as a paying agent under the provisions of 31 CFR part 321, also published as Department of the Treasury Circular, Public Debt Series No. 750, as revised, will pay the current redemption value of a Series E bond presented for payment by an individual whose