

(b) *Bonds included in computation.* In computing the purchases for each person, the following outstanding bonds are included:

(1) All bonds registered in the name and bearing the taxpayer identifying number of that person alone;

(2) All bonds registered in the name of the representative of the estate of that person and bearing that person's taxpayer identifying number; and

(3) All bonds registered in the name of that person as coowner that also bear that person's taxpayer identifying number.

(c) *Bonds excluded from computation.* In computing the purchases for each person, the following are excluded:

(1) Bonds on which that person is named beneficiary;

(2) Bonds to which that person has become entitled—

(i) Under §360.70 as surviving beneficiary upon the death of the registered owner;

(ii) As an heir or a legatee of the deceased owner;

(iii) By virtue of the termination of a trust or the happening of a similar event; and

(3) Bonds that are purchased and redeemed within the same calendar year.

§360.12 Disposition of excess.

If any person at any time has savings bonds issued during any one calendar year in excess of the prescribed amount, instructions should be obtained from the Bureau of the Public Debt, Parkersburg, WV 26106-1328, for appropriate adjustment of the excess. Under the conditions specified in §360.90, the Commissioner of the Public Debt may permit excess purchases to stand in any particular case or class of cases.

§360.13 Employee plans—Conditions of eligibility.

(a) *Definition of plan.* Employee thrift, savings, vacation, 401(k), and similar plans are contributory plans established by the employer for the exclusive and irrevocable benefit of its employees or their beneficiaries. Each plan must afford employees the means of making regular savings from their wages through payroll deductions and

provide for employer contributions to be added to these savings.

(b) *Definition of terms used in this section.* (1) The term *assets* means all the employees' contributions and assets purchased with them and the employer's contributions and assets purchased with them, as well as accretions, such as dividends on stock, the increment in value on bonds and all other income; but, notwithstanding any other provision of this section, the right to demand and receive all assets credited to the account of an employee shall not be construed to require the distribution of assets in kind when it would not be possible or practicable to make such a distribution; for example, Series I bonds may not be reissued in unauthorized denominations.

(2) The word *beneficiary* means:

(i) The person or persons, if any, designated by the employee in accordance with the terms of the plan to receive the benefits of the plan upon the employee's death; or

(ii) The estate of the employee.

(c) *Conditions of eligibility.* An employee plan must conform to the following rules in order to be eligible for the special limitation provided in §360.10.

(1) *Crediting of assets.* All assets of a plan must be credited to the individual accounts of participating employees and may be distributed only to them or their beneficiaries, except as provided in paragraph (c)(3) of this section.

(2) *Purchase of bonds.* Bonds may be purchased only with assets credited to the accounts of participating employees and only if the amount taken from any account at any time for that purpose is equal to the purchase price of a \$50 bond or bonds in an authorized denomination or denominations, and shares in the bonds are credited to the accounts of the individuals from which the purchase price was derived, in amounts corresponding with their shares. For example, if \$100 credited to the account of John Jones is commingled with funds credited to the accounts of other employees to make a total of \$5,000 with which a Series I bond in the denomination of \$5,000 (face amount) is purchased in December 1998 and registered in the name and title of the trustee, the plan must provide, in