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Are Your Savings Bonds Gathering Dust?

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May is upon us and it's time for weddings, graduations and other special gift giving occasions. Perhaps in past years you have received or given US Savings bonds as a gift for a special event and you are wondering if the bond should be cashed in. If you have forgotten about a bond and maybe came across it during your spring cleaning, you are not alone. Billions in savings bonds have matured and never been cashed in. Matured bonds no longer earn interest, thus they are actually losing value over time due to inflation.

To find out the value of your savings bond and whether the bond is still paying interest, go to the US government's website for savings bonds, www.treasurydirect.com, and click on the tools tab. If you don't have a computer, you can ask a family member or friend to help you or you can call Treasury Direct at 800-553-2663. The phone number is for paper savings bonds. The treasury is phasing out paper savings bonds and has been moving to a web based system, however, services for existing paper bonds will continue until all the bonds mature.

If you do cash in the bond, you will owe federal but not state taxes on the income, as savings bonds are exempt from state tax. Most banks cash savings bonds if you have an account with the bank and present the paper bond and proper identification. Once the bond is cashed in, you can reinvest the funds to earn interest again or treat yourself to something special.