

Family Living Focus

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Extension



Investigate Series I Savings Bonds

U.S. Savings Bonds are a familiar way to save income. But, do you know about Series I bonds?

I Bonds currently earn 7.49 percent interest and are government guaranteed and tax-deferred. The Treasury Department introduced the I Bond in September 1998 with a base or fixed rate updated every May and November. The base rate is currently 3.6 percent, good for the life of I Bonds bought between May 2, 1000 and October 31, 2000. This is its real rate of return, however, it's not the total amount you earn with an I Bond.

The "I" in I Bond stands for "inflation indexed." This means that its total return or interest is a combination of the real rate of

return and an adjustment based on inflation for the previous six months. Your I Bond will always earn over and above the inflation rate. Until November 1, 2000, the total return on an I Bond is 7.49 percent when a new rate will be announced.

If you shop around, you will see this is a good rate of return. I bonds are absolutely a safe saving tool and you can start earning interest for as little as \$50, the minimum I Bond denomination. Other denominations include \$75, \$100, \$200, \$500, \$1,000, \$5,000 and \$10,000.

I Bonds are bought for full face value. You pay \$50 for a \$50 I Bond and it increases in value by earning interest. Series I bonds are unlike Series EE Savings Bonds which cost half their face value and grow to reach it.

Earnings from savings bonds are exempt from state and local income taxes and federal taxes are deferred until savings bonds are redeemed or for 30 years, whichever comes first.

Getting savings bonds including I Bonds is very easy. While many people buy them through automatic payroll deductions at their jobs, others don't have this option. The self-employed and employees of small businesses can now enter the Savings Bond EasySaver Plan. With EasySaver, you can buy bonds regularly with a debit from your checking or savings account.

This is a simple, no-cost way for you to save money; however, you must select the amount of money to set aside, when you want bonds issued and how the bonds are made out. You will automatically receive your savings bonds by mail on a regular basis.

If you bought Series EE savings bonds after 1989 or I Bonds, you, your spouse or a dependent may use them to pay for qualified higher education expenses.

Proceeds from U.S. Savings Bonds are exempt from state and local taxes but you must report them on federal tax forms. If you use the bonds to pay education expenses, federal income tax on earnings is deferred.

To take advantage of this benefit, follow these steps: 1. Both

principal and interest from redeemed savings bonds are eligible for education expenses. If you use only 75 percent of the proceeds of the bonds, you only can exclude 75 percent of the interest you earned from the bonds you redeemed. 2. Married couples must file a joint return to get this exclusion. 3. If the eligible savings bonds were bought in a dependent's name for education expenses, bonds can be reissued in a parent's name. 4. A qualified taxpayer has to be 24 years or older before the bond's issue date.

If savings bonds reached final maturity they've stopped earning interest. It's estimated that Americans have tucked away approximately \$6 billion in savings bonds that isn't working for them.

Savings bonds issued before March 1960 are not earning interest. Series E Bonds issued in November 1965 and earlier earn interest for 40 years. Bonds issued in December 1965 and after earn interest for 30 years. Series HH Bonds earn interest for 20 years. The date of issuance appears on the upper right-hand corner of the bond. Be sure you cash a bond on its issue date or six months thereafter when interest is again posted.

Many bondholders forget they hold bonds and often they're not

included with other important financial papers. When you add this information to your assets, include the bond's issue date, value, series, owners and beneficiaries. If you can't find bonds you remember having, file a Lost Bond Claim Form available from most local banks, or from the Bureau of the Public Debt, Washington, DC 20239; or go to <http://www.publicdebt.treas.gov/>. For more information, check with your local bank or credit union.

If both husband and wife hold bonds, they should be retitled upon the death of a spouse and adding a new co-owner or beneficiary should be added, preventing the distribution being held up in probate upon the death of the second spouse. To make these changes, request a reissue form online at www.savingsbonds.gov.

Lastly, I Bonds are a great gift. They can be used to celebrate any occasion — special holidays such as December holidays, birthday, weddings, graduations or birth.

To learn more about I Bonds, go online at www.savingsbonds.gov or call 1-800-4US-BOND (1-800-487-2663). Buy bonds online direct from the government, <http://www.easysaver.gov/> or (877) 811-7823. You can also write: Bureau of Public Debt, Savings Bonds, Parkersburg, WV 26106-1328. +

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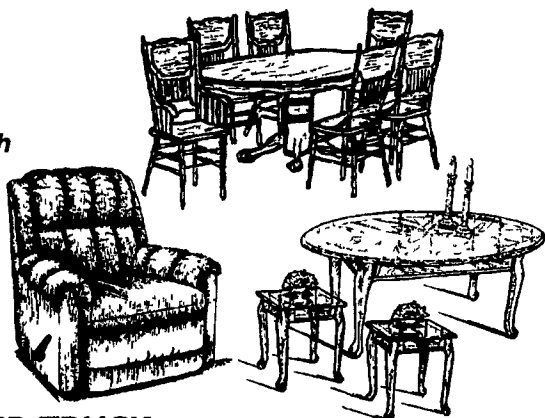
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Genealogy Fair Is Nov. 4

MORGANTOWN (Berks Co.) - Have you traced your family tree? Who were your great-grandparents? Where did they live? Where did you get your blue eyes and black hair? Do you have German, Swiss, English, Scottish, Polish roots?

A Genealogy Fair for amateur and experienced genealogists and historians will take place at Masthof, Morgantown, on Saturday, November 4, from 9:00 a.m. to 3:00 p.m.

Open to the public, this free event will include complimentary genealogy charts and handouts for beginners (adults and children), consultation with professional genealogists and historians, door prizes, refreshments, and more.

Historians and genealogists available to answer your questions will include Annette Bur-

gert (author and genealogy speaker), Barbara Goda and Sylvia Graybill (Berks County Genealogical Society), Gary Hawbaker (author), Neil Ann Stuckey Levine (author and genealogy speaker), Jeffrey Rollison (Chester County Historical Society), Pam Shenk (Tri-County Heritage Society), and J. Lemar and Lois Ann Mast (authors).

Here is the opportunity to bring questions and problems for experienced researchers to help in researching your Pennsylvania roots; as well as migrations westward, and even origins in Europe.

Masthof is a publisher of books and periodicals and operates a genealogy and history bookstore located at 219 Mill Road, Morgantown, Pa. Call (610) 286-0258 for more information or e-mail to mast@masthof.com.

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