


**Family Living
Focus**
by
Bob Thee
Multi County Agent



**U.S. Savings Bonds:
Saving for Your Future**
Savings bonds are issued by the U.S. Treasury Department and offer a safe place for your savings dollars. When buying them you are making a loan to the Federal Government. There are many reasons to consider buying savings bonds.

Safety — Savings bonds are backed by the full faith and credit of the United States. Your principal and earned interest are safe and cannot be lost because of changes in the market. Because they are registered with the Treasury Department, they can be easily replaced if lost, stolen, or destroyed.

Affordability — You can buy savings bonds for as little as \$25. Participants in a payroll savings plan may buy them in even smaller installments.

Tax advantages — Earnings are exempt from all state and local income taxes. Payment of federal income taxes can be deferred until the bonds are redeemed or until final maturity for Series EE and I Bonds. Earnings may be exempt from federal taxes if used to pay for qualified higher education expenses.

Accessibility — The money you place in savings bonds is available whenever you want following an initial holding period of six months from the issue date. If redeemed earlier than five years from the issue date, however, an early redemption penalty equal to the last three months of earned interest is assessed.

Convenience — You can buy savings bonds online from the savings bonds website, through a payroll savings plan, or at over 40,000 financial institutions nationwide.

As with any investment, there are both advantages and disadvantages. If cashed prematurely, bonds will not reach their face value. Other investments may provide a higher rate of return. Bonds cannot be cashed within the first 6 months after purchase. No current income is received for Series EE or I Bonds.

There are three types of savings bonds: Series EE, Series HH, and I Bonds. The Series EE Savings Bond is an accrual type of security meaning interest is added to the bond monthly and paid when the bond is cashed. They are sold at half of face value in denominations ranging from \$50, to \$10,000. For example, you can buy a \$50 Series EE Savings Bond for \$25.

Series EE Savings Bonds earn 90 percent of the average yields on five-year Treasury securities for the six months preceding the announcement of new rates. The interest earned is updated every six months. The current interest rate through April 2003 is 3.25 percent.

The Treasury Department guarantees that they will grow to reach face value in 17 years from the issue date. If market conditions do not allow this, a one-time adjustment is made to bring the bonds up to face value after which they continue to earn interest at market based rates until they reach final maturity 30 years from the issue date.

A special type of Series EE Savings Bond is the Patriot Bond. It is identical to the Series EE Bond except that it has the words "Patriot Bond" printed on it.

Series HH Savings Bonds are a current income security, meaning that interest is paid to the bondholder as it is earned rather than accruing. Every six months you receive an interest payment by direct deposit to your checking or savings account.

When redeemed, you receive only the face value of the bond.

You can acquire Series HH Savings Bonds only by exchanging eligible Series E Savings Bonds, Series EE Savings Bonds and saving notes or upon reinvestment of the proceeds of matured Series H Savings Bonds. They come in four denominations ranging from \$500, to \$10,000. The interest rate on Series HH Savings Bonds is set when you buy them and at 10 years from the issue date.

I Bonds are the newest type of

bond designed to protect the purchasing power of the investment and earn a guaranteed real rate of return. Interest is added to the bond monthly and paid when the bond is cashed. Like Series EE bonds, they are sold at face value in denominations ranging from \$50 to \$10,000.

The I Bond interest is made up of two parts. One is a fixed rate that remains the same for the life of the bond. The second is an inflation adjustment that is updated every six months to track the inflation rate and is computed using the Consumer Price Index published by the Bureau of Labor Statistics. This protects your earnings from inflation.

Every May 1 and November 1, the Treasury Department announces the fixed rate that will be in effect for all I Bonds issued in the next six months. The current interest rate is through April 2003 is 4.08 percent.

If you buy an I Bond in January, for example, it will earn the composite rate in effect at that time. In July, after six months, the applicable interest rate will be the sum of the initial fixed rate of interest and the inflation adjustment announced the previous May. The following January, the process is repeated using the inflation adjustment announced the previous November.

Savings Bonds are owned exclusively by the person or persons named on them. They can be registered with single ownership, co-ownership, or with a named beneficiary. The Social Security number of the persons named on the bond is required. Savings bonds can be redeemed by the person whose name appears as the sole owner or a co-owner. If you are named as a beneficiary, you must present proper identification and a certified copy of the owner's death certificate.

Bonds can be redeemed at any financial institution that the Treasury Department has authorized as paying agents. Any amount of I Bond and Series EE Savings bonds can be redeemed at an institution where you have an account in good standing for at least 6 months.

Series HH Savings Bonds must be sent to your servicing Federal Reserve Bank to be redeemed. Your financial institution can help with this.

For additional information visit www.savingsbonds.gov.

Jay Lehman Awarded FFA Keystone Degree

LANCASTER (Lancaster Co.) — Jay Lehman, 17, son of Steve and Mary Lehman, Holtwood, has earned a 2003 FFA Keystone Degree honoring his achievements as a member of the Hans Herr FFA chapter at Lancaster Mennonite High School (LMHS).

Herr is a senior at LMHS and at one time was the Sentinel for his chapter and a member of the citizen committee. His favorite experience in FFA was attending the National FFA Convention in Louisville last Fall.

At the top of the list of the things Herr enjoyed most about being an FFA member was friends, followed by teachers and trips. His favorite activities involve working and driving a truck. In the future he hopes to be a truck driver and run a successful business.



Jay Lehman

Herr received his FFA Keystone award at the Pennsylvania FFA Convention which took place at the Harrisburg Farm Show Complex in January during Farm Show Week.

Better Kid Care Conference

EBENSBURG (Cambria Co.) — Better Kid Care will sponsor a 7-hour workshop for childcare providers on Saturday, March 1, from 8:30 a.m. to 3:30 p.m., at the Living Learning Center, University of Pittsburgh at Johnstown.

Karen Lindberg will begin the morning session with a presentation on brain development. Attendees will break into two or more smaller groups with the topics in one group geared toward infants and the other toward toddlers to better understand each age group.

The Department of Highway Safety will discuss the recently updated seat belt law, and share programs they have to offer. In the afternoon the hands-on workshop, "Literature Links2" will combine literature with crafts, fingerplays, and game activities using spring and holiday themes.

A networking lunch will be provided.

Early registration deadline is February 20.

Send \$15 with your name, address, and phone number to Cambria County Cooperative Extension, PO Box 390, Ebensburg, PA 15931. Registration fee is \$20 if postmarked after February 20. DPW training credits will be 7 hours. Call the extension office at (814) 472-7986 for more information.

Manheim Farm Show Prepares For 50th Anniversary

MANHEIM (Lancaster Co.) — In October 2003, the Manheim Farm Show will celebrate its 50th Anniversary! An accurate history of the Farm Show dating from the early days through the present is being compiled. If you have any stories or pictures to share, call (717) 665-6279.

'Arts' Workshops Scheduled

DOYLESTOWN (Bucks Co.) — A six-hour childcare training course on "Exploring the Arts" is being offered by Penn State Cooperative Extension on Saturday, March 8, from 9:00 a.m. to 3:30 p.m. at the Quality Inn on Rt. 309 in Montgomeryville.

Registration is required. Cost is \$26 per person for the day. All participants will receive 6 DPW training credits and .6 Continuing Education Units from Penn State University. Act 48 Credits are also

available. Lunch is included in the registration fee.

The course will include "Cool Beans Music and Art Enrichment," presented by Steve Pullara; "Great Music, Movement, Rhythm Reading and Song," Peter J. Moses; and "Artistic Junk Art and Art Safety," by Holly Cairns. There will also be a roundtable discussion over lunch.

For more information and registration form, call Penn State Cooperative Extension in Montgomery County (610) 489-4315.

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