

# Comparing Savings Bonds Series

	Series EE	I Bond	Series HH
How do I acquire a bond?	Purchased in one of four ways - payroll deduction, at a local bank, online, or set up an automatic purchase	Purchased in one of four ways - payroll deduction, at a local bank, online, or set up an automatic purchase	By exchanging eligible bonds such as Series E, Series EE, or by reinvesting a Series H bond; a minimum value of \$500 is required
When is the interest paid?	The interest accumulates over the life of the bond (compounding semiannually); it is not paid until the bond is redeemed — <i>accrual bond</i>	The interest accumulates over the life of the bond (compounding semiannually); it is not paid until the bond is redeemed — <i>accrual bond</i>	The interest is paid semiannually – <i>current income bond</i> .
What is the rate of interest?	It is adjusted every 6 months to reflect a market rate of interest	It is adjusted every 6 months to reflect rate of inflation	Established at the time the bond is acquired, and remains unchanged for the life of the bond (10 years)
When can the bond be redeemed?	Anytime after the first year, but there is an interest penalty if redeemed within 5 years	Anytime after the first year, but there is an interest penalty if redeemed within 5 years	Anytime after 6 months
Does the value of the bond change?	Yes, the bond is purchased for one-half its face value; the value of the bond increases as interest is accumulated; bond is guaranteed to double in value (reach face value) in 20 years; it may reach face value in less than 20 years if the interest rate is higher	Yes, the bond is purchased for its face value but the value of the bond will increase as interest is accumulated; there is no guaranteed interest rate	No, the value of the bond does not change. The bond is acquired at its face value and remains at its face value throughout its lifetime
How long will the bond earn interest?	The bond reaches its final maturity 30 years after it is issued	The bond reaches its final maturity 30 years after it is issued	The bond reaches its final maturity 20 years after it is issued
Can the bond be exchanged for another bond?	Yes, can be exchanged for a Series HH bond	No	No
Is the interest subject to local and state income tax?	No	No	No
Is the interest subject to federal income tax?	Yes, but only when the bond is redeemed (except there may be no income taxes if proceeds from the bond are used for educational purposes); the interest on a bond that has reached final maturity (30 years) must be reported for tax purposes even if the bond is not redeemed or exchanged	Yes, but only when the bond is redeemed (except there may be no income taxes if proceeds from the bond are used for educational purposes); the interest on a bond that has reached final maturity (30 years) must be reported for tax purposes even if the bond is not redeemed	Yes, it is taxable in the year the interest is received
What happens to the bond upon death of the owner?	1) redeemed for cash, 2) transferred (reissued) to appropriate heir, or 3) if co-owned, surviving co-owner may continue to own the bond	1) redeemed for cash, 2) transferred (reissued) to appropriate heir, or 3) if co-owned, surviving co-owner may continue to own the bond	1) redeemed for cash, 2) transferred (reissued) to appropriate heir, or 3) if co-owned, surviving co-owner may continue to own the bond

