INVESTING DIRECTLY WITH THE U.S. TREASURY

www.treasurydirect.gov

INVESTING IN MARKETABLE TREASURY SECURITIES

Welcome! This publication describes our two systems where you can hold marketable Treasury securities:

TreasuryDirect®. This 24/7 online system allows you to buy, reinvest, and manage Treasury securities.

Legacy Treasury Direct®. We are phasing out this system. It no longer takes new customers and no longer allows buying or reinvesting.

By investing directly with the U.S. Treasury, you can enjoy the convenience and safety of investing from the comfort of your own home. Saving for retirement? Looking for flexible investment options? Planning for education? Treasury securities fit just about any need you have whether you're new to our program or a veteran investor.

INVESTOR TIP:

With Legacy Treasury Direct being phased out, customers currently have three options: 1) keep their securities in Legacy; 2) transfer their securities to TreasuryDirect; 3) transfer their securities to a bank or broker. To keep securities in Legacy for now, customers need not do anything.

WHY A TREASURY BOOK-ENTRY SYSTEM?

When you buy a security through TreasuryDirect, it's deposited into your account at Treasury, giving you access and control to manage your investments when it's convenient for you. That way, you eliminate the middleman and the cost of buying through a broker or bank. You manage your own account with quality customer service from us!

DOING BUSINESS WITH US:

By Internet: www.treasurydirect.gov

By Phone: For Legacy Treasury Direct: 844-284-2676 (toll free)
(International: 304-480-6464)

By Mail: Treasury Retail Securities Site
P.O. Box 9150
Minneapolis, MN
55480-9150

Information in this publication is current as of the revision date located on the last page. However, because Treasury continuously adapts to changing market conditions, you should always confirm offerings, auction schedules, securities, and other specific information by visiting our website at www.treasurydirect.gov.

Investing Directly With the U.S. Treasury (FS Publication 009) is an introductory publication. Information in this publication is not part of the contract or regulations offering or governing U.S. Treasury Securities. Please see "Selected Regulations Governing U.S. Treasury Securities" near the end of this publication.

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MARKETABLE SECURITIES

Marketable securities are called "marketable" because once they've been issued, you can buy or sell them in the commercial market at prevailing prices. You're probably aware of marketable government securities; nearly everyone's heard of "Treasuries," but not everyone knows the difference between a bill, note, bond, FRN, and TIPS. We'll break it down.

The Bureau of the Fiscal Service regularly sells marketable securities in terms ranging from several days to 30 years (you can purchase any term, other than cash management bills, through TreasuryDirect). We sell marketable securities at auctions held regularly throughout the year. Buying Treasury securities through TreasuryDirect costs you nothing—except, of course, the cost of the security. We charge no purchase fee or commission.

WHY DO WE SELL MARKETABLE SECURITIES?

The Bureau of the Fiscal Service's mission is to finance and account for the public debt (no, not your debt—Uncle Sam's). Just like you, the Federal Government needs money to operate. One of the ways we make sure there's money available is by selling Treasury securities to the public.

BILLS, NOTES, BONDS, FLOATING RATE NOTES (FRNs), AND TREASURY INFLATION-PROTECTED SECURITIES (TIPS)

Treasury Bills. A bill is a short-term investment issued for a year or less. You typically buy bills at a discount from their par (or "face") value. The difference between your original purchase price and par value is your interest; you don't get interest payments during the life of the bill. Interest from your bill is taxable in the year it matures, which might not be the year you bought it.

It's possible for a bill auction to result in a price equal to par, which means that Treasury would issue and redeem the securities at par value.

In TreasuryDirect you can purchase 4-week, 8-week, 13-week, 26-week, and 52-week bills.

Treasury Notes. When you invest in a note, you lend your money to the government for 2-10 years. Notes have fixed interest rates, and you'll get semiannual interest payments until maturity.

Treasury Bonds. Bonds are long-term securities issued for more than 10 years. Like notes, bonds have fixed interest rates and semiannual interest payments.

Floating Rate Notes (FRNs). Interest payments for a FRN rise and fall with discount rates on 13-week Treasury bills. FRNs are indexed to the high rate in the most recent auction of the 13-week bill; the high rate is the highest accepted discount rate for that 13-week bill. FRNs pay interest quarterly and are currently issued for a term of 2 years.

Treasury Inflation-Protected Security (TIPS). When you invest in a TIPS, you lend your money to the government for 5 years, 10 years, or 30 years. TIPS keep pace with inflation because their principal value is tied to the U.S. Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U).

With TIPS, we pay interest on the inflation-adjusted principal. So, if inflation occurs, your interest payments grow. At maturity, we redeem TIPS at their inflation-adjusted principal or the original par amount, whichever is more. So, if inflation prevails during the life of your TIPS, our payment to you at maturity is greater than the original par amount. If deflation prevails, we pay you the original par amount.

Any year the inflation-adjusted principal goes up, the amount of increase is considered taxable income, even though you don't get the principal until maturity. To find out more about tax reporting for TIPS, please see Chapter 4.

INVESTOR TIP:

Here's how we calculate inflation compensation for a TIPS.

The par amount of inflation-protected securities is tied to the non-seasonally adjusted Consumer Price Index for All Urban Consumers (CPI-U). We calculate the index ratio by dividing the current CPI-U level by the CPI-U level that applied when the securities were issued. For more information on this process, see our website at www.treasurydirect.gov.

HOW DOES TREASURY SELL SECURITIES?

Treasury sells its securities to the public through auctions, where all successful bidders buy securities at a price equal to the highest accepted yield (for notes, bonds, TIPS), the highest accepted discount rate (for bills), or the highest accepted discount margin (for FRNs). The highest accepted rate is set by competitive bidders.

About a week before each auction, we'll issue a press release announcing the security being sold, the amount we're selling, the auction date, and other pertinent information. (You'll find the auction announcements in the financial section of most major newspapers or on our website.)

BIDDING

Noncompetitive Bidding. A noncompetitive bid simply means you're willing to accept the rate set at auction by competitive bidders in the commercial market. It guarantees you'll get the full amount of the security you want, at the rate or yield determined at the auction.

Competitive Bidding. Competitive bidders tell us what rate or yield they want to receive. Individuals can bid competitively, but not through TreasuryDirect. Most competitive bidders are large financial institutions and brokers/dealers very familiar with the securities market.

Bidding Deadlines. Each security has an auction date and an issue date. On the auction date, the Fiscal Service announces the resulting rate, yield, and price. The issue date is when we deliver securities to your TreasuryDirect account and you normally begin earning interest. These dates vary for each type of security. Usually, we announce auctions about one week before the actual event, but you should probably check our website or the media to confirm dates and times.

LET'S TALK ABOUT AUCTIONS

Schedules. The Tentative Auction Schedule shows the general pattern of all securities offerings in place today. While this chart shows when securities are likely to be sold, an offering isn't official until Treasury makes a public announcement (press release). Treasury financing policy decisions and borrowing needs will sometimes change the general pattern of offerings.

To learn what auctions will be held in the next several days, see our web page "Upcoming Auctions."

We also offer **e-mails** giving auction announcements and results. Sign up online.

HOW DOES AN AUCTION WORK?

Everyone gets the highest yield or rate accepted at that particular auction. Specifically, we award securities after the auction closes, first accepting all noncompetitive bids before moving to the lowest yield or rate offered among the competitive bids and continuing upward until there are enough bids to cover the announced offering amount. We never award less than $100, and the total amount is always in $100 increments. After that, we calculate the purchase price and determine the interest or investment (discount) rate. (The interest rate may already be set if the auction is for a reopening of an existing security.) We announce the results and put them onto our website.

If You Bought a Bill: The auction results on our website tell you the range of accepted discount rates, and the price and investment rate for the highest accepted discount rate.

Discount rate. An annualized rate of return based on the par value of the bill. The discount rate is calculated on the actual number of days to maturity by using a 360-day basis (figuring 12 months with 30 days each). You can't use the discount rate to compare the rate of return on a bill with other instruments.

Investment rate (equivalent coupon yield). An annualized rate based on the bill's purchase price. The investment rate is based on the purchase price and calculated on a 365-day basis (or 366-day basis during leap year). You can use the investment rate to compare bill yields with other instruments.

If You Bought a Note or TIPS: The results on our website tell you the annual interest (coupon) rate, the yield to maturity, and the purchase price per $100.

Interest (or coupon) rate. The interest rate your note or TIPS will earn. When multiplied by your par amount and divided by two, it gives the amount of your semiannual payments. (In an auction that isn't a reopening, the rate is guaranteed to be at least one-eighth of 1 percent.)

Yield to Maturity. Yield, also called "yield to maturity," means the annualized rate of return to maturity on a fixed-principal security; yield is expressed as a percentage. Yield to maturity is based on the price you paid for the security and the interest rate. For an inflation-protected security, yield means the real yield (yield in the absence of inflation).

If You Bought a Bond: The results on our website tell you the annual interest (coupon) rate, the yield to maturity, and the purchase price per $100.

Interest (or coupon) rate. The interest rate your bond will earn. When multiplied by your par amount and divided by two, it gives the amount of your semiannual payments. (In an auction that isn't a reopening, the rate is guaranteed to be at least one-eighth of 1 percent.)

Yield to Maturity. Yield, also called "yield to maturity," means the annualized rate of return to maturity on a fixed-principal security; yield is expressed as a percentage. Yield to maturity is based on the price you paid for the security and the interest rate.

If You Bought a Floating Rate Note: The results on our website tell you the high discount margin, the spread, and the purchase price per $100.

> **Spread.** The highest accepted discount margin determined at auction of the original issue.

WHAT AM I PAYING?

If You Bought a Bill: We translate the discount rate you are awarded into a price per $100 and use that figure to determine your purchase price.

If You Bought a Note or TIPS: We translate the yield you are awarded into a price per $100 and use that figure to determine your purchase price, which may be less than, equal to, or more than par. When you purchase through TreasuryDirect, the full price will be debited from the bank account you designated or from your C of I.

If You Bought a Bond: We translate the yield you are awarded into a price per $100 and use that figure to determine your purchase price, which may be less than, equal to, or more than par. When you purchase through TreasuryDirect, the full price will be debited from the bank account you designated or from your C of I.

If You Bought a Floating Rate Note: We translate the discount margin you are awarded into a price per $100 and use that figure to determine your purchase price, which may be less than, equal to, or more than par. When you purchase through TreasuryDirect, we debit the full price from the bank account you designated or from your C of I.

WHEN YOU OWE MORE MONEY

Premium. If your security sells higher than the par amount (if the price per $100 is $102.787878, for instance), then you may owe a premium.

Accrued Interest. This is the amount of interest a security earns before it's actually issued. A security starts earning interest on what's called the "dated date," or the established date for issuing that security. Usually, the dated date is the same as the issue date. When the dates are different, you may need to pay accrued interest. When are the dates different? When a security is a reopening, its dated date and issue date may be (or may not be) different. Also, Treasury sometimes arbitrarily sets its schedule in such a way that the dated date and the issue date for a particular security always are different. This currently is the case with all TIPS; the dated dates and issue dates always are different. Finally, the dated date and the issue date are different when the dated date falls on a non-business day; in this case, the dated date is the non-business day and the issue date is the next business day.

Reopenings. A reopening is when we re-auction a previously issued security with the same maturity date and interest rate as the original, but with a different issue date (which creates a shorter overall term) and, usually, a different purchase price.

While most reopenings are planned, Treasury occasionally has a "surprise" reopening if, at auction, a security sells at the same interest rate and the same interest period as a previously auctioned security. In this case, Treasury may choose to reopen the original rather than auction a new issue.

Here's an example of a typical reopening: You buy a 10-year note in May. In June, the U.S. Treasury reopens that 10-year note with the same maturity date and interest rate—just a month later. You buy another 10-year note in June.

Consequently, the security you bought in May and the one you bought in June are basically the same security—except for the term and the purchase price. The differences: (1) you bought your second security one month after the original, so your second security's term is 9 years and 11 months instead of an even 10 years; and (2) you may pay more or less for the second security, because the price will be re-figured at the second auction. If the price is higher than par, you'll owe a premium plus the accrued interest for May.

LEGACY TREASURY DIRECT

THE LEGACY TREASURY DIRECT ACCOUNT

As stated before, Legacy Treasury Direct no longer allows customers to buy or reinvest securities. However, at this time customers still can hold securities in the system.

If you're an account holder, the following information may be helpful.

TREASURY RETAIL SECURITIES SITE

To write to the Treasury Retail Securities site, send your correspondence to:

Treasury Retail Securities Site
P.O. Box 9150
Minneapolis, MN 55480-9150.

You can also call us at 844-284-2676 (toll free). When you call, please have your Legacy Treasury Direct account number or Taxpayer Identification Number with you. To protect the confidentiality of your account, we'll also ask you to provide some basic information about your account before we respond to your questions.

DIRECT DEPOSIT

We automatically deposit all your interest and principal payments to the bank account you choose (or credit union, savings and loan, or other financial institution). When your security matures, we'll automatically deposit that payment, too.

With direct deposit, there's no more cashing checks or standing in line to deposit them. It's convenient and safe—not to mention reliable. Legacy Treasury Direct customers find their payments are made timely, correctly, and confidentially.

We won't change any direct deposit information unless we get instructions from you (or your co-owner, if you have one). However, your financial institution can request changes for routine banking maintenance—for instance, if its routing number changes because of a merger.

To change your direct deposit information, fill out a Transaction Request (FS Form 5178) and send it to:

Treasury Retail Securities Site
P.O. Box 9150
Minneapolis, MN 55480- 9150.

(**Please note:** this form requires signature certification.)

STATEMENT OF ACCOUNT (SOA)

Your *Statement of Account* is a record of all the marketable securities you hold in your Legacy Treasury Direct account. We divide your statement into four components: (1) your Legacy Treasury Direct Account information (registration, address, etc.); (2) a listing of all the securities you currently own; (3) a history of recent transactions; and, (4) an Important Message area to keep you updated.

Some of the items on your statement:

- a history of recent par, interest, and refund payments you've received
- beginning and ending balances for the statement period
- annual discount rate for Treasury bills
- annual investment rate or yield for Treasury bills, notes, bonds, and TIPS
- advance notice of when we'll make your next payments

For confidentiality, the *Statement of Account* doesn't show a customer's Taxpayer Identification Number.

Even though your statement looks like a bank statement, it's not necessarily sent monthly. Depending on how active your Legacy Treasury Direct investments are, you might get a statement more or less frequently, and, for low-activity accounts, you may not get a statement more often than once a year. We send a statement when you:

- redeem securities
- transfer securities out of Legacy Treasury Direct accounts
- transfer securities between Legacy Treasury Direct accounts
- ask for one
- have not received one for at least 12 months prior to December 31 (mailed in January)

We mail statements to the address of record on your account. When ownership changes—such as when a security is transferred into another Legacy Treasury Direct account—we send a statement to the new owner (and to the former owner, if the security was originally held in Legacy Treasury Direct).

CONFIRMATION NOTICES

Sometimes there's no need for a full statement, and that's when we send a Confirmation Notice instead. You'll get one of these notices when you change your account information (address, direct deposit information, etc.).

You'll also get a special type of confirmation if you hold TIPS. Because interest payments are calculated using your inflation-adjusted par, we don't know the amount until about a week before the payment's issued. That's when we send a *Confirmation of Interest on Treasury Inflation-Protected Security,* so you'll know how much money to expect.

MAINTAINING YOUR LEGACY TREASURY DIRECT ACCOUNT

You can maintain your account by forms and phone.

NOTE: Electronic Services for Treasury Bills, Notes, and Bonds was shut down as part of the phaseout of Legacy Treasury Direct.

TRANSACTIONS AND INQUIRIES

Here's how to handle common transactions:

To:	Use these forms and/or methods:
Check account balance	Call 844-284-2676 (toll free) and speak to an agent.
Order a *Statement of Account*	Call 844-284-2676 (toll free) and speak to an agent.
Order duplicate 1099-INT	For the current tax year, call 844-284-2676 (toll free) and speak with an agent For a previous tax year, write to: Treasury Retail Securities Site PO Box 9150 Minneapolis, MN 55480-9150
Change a name Add or remove a second owner or beneficiary (but not a first-named owner)	Complete Transaction Request (FS Form 5178) (needs to be certified) and mail to: Treasury Retail Securities Site PO Box 9150 Minneapolis, MN 55480-9150
Change an address or phone number	Call 844-284-2676 (toll free) and speak to an agent Complete Transaction Request (FS Form 5178), or write request, and mail to: Treasury Retail Securities Site PO Box 9150 Minneapolis, MN 55480-9150
Change an incorrect Taxpayer Identification Number (TIN)	Complete Transaction Request (FS Form 5178) and mail to: Treasury Retail Securities Site PO Box 9150 Minneapolis, MN 55480-9150
Change banking and payment information	Complete Transaction Request (FS Form 5178) (needs to be certified if changing payment information) and mail to: Treasury Retail Securities Site PO Box 9150 Minneapolis, MN 55480-9150

Consolidate accounts (with the same name, address, TIN, direct deposit instructions)	Complete Transaction Request (FS Form 5178) and mail to: Treasury Retail Securities Site PO Box 9150 Minneapolis, MN 55480-9150
Ask a question	Call 844-284-2676 (toll free) and speak with an agent
Transfer securities (between existing Legacy Treasury Direct accounts, to TreasuryDirect, or to a financial institution)	Complete Security Transfer Request (FS Form 5179) (needs to be certified) and mail as shown below. To transfer to another Legacy Treasury Direct account or to a financial institution: Treasury Retail Securities Site PO Box 9150 Minneapolis, MN 55480-9150 To transfer to TreasuryDirect: Treasury Retail Securities Site PO Box 7015 Minneapolis, MN 55480-7015
Request more complex transactions	Call 844-284-2676 (toll free) and speak with an agent

MOVING AROUND IN AND OUT OF LEGACY TREASURY DIRECT

We designed our program for you to hold securities from issue to maturity, but we know it's convenient to have access so you can take advantage of market trends. If you're interested in selling Treasury securities before they mature, you can transfer them to the commercial book-entry system and have them sold there.

Also, you can transfer securities between two Legacy Treasury Direct accounts, or transfer securities from Legacy Treasury Direct to TreasuryDirect.

TRANSFERRING SECURITIES OUT

If you want to move securities out of Legacy Treasury Direct, we can make that transfer for you. Simply submit a certified Security Transfer Request (FS Form 5179) to Treasury Retail Securities Site, P.O. Box 9150, Minneapolis, MN 55480-9150.

It's very important to include the electronic transfer information for the financial institution, broker, or TreasuryDirect account that will receive the securities.

To guarantee processing, we must receive any transfer request at least **10 days** before the next interest or principal payment date. However, you can check with us about exceptions to this rule.

TRANSFERRING SECURITIES BETWEEN LEGACY ACCOUNTS

You can also transfer securities between existing Legacy Treasury Direct accounts. Submit a certified Security Transfer Request (FS Form 5179), showing the "to" and "from" account numbers along with specific instructions about the securities being transferred.

TREASURYDIRECT

THE TREASURYDIRECT ACCOUNT

TreasuryDirect is a web-based system that allows you to establish accounts to buy, hold, and manage Treasury securities online. You can purchase Treasury bills, notes, bonds, Floating Rate Notes (FRNs), and Treasury Inflation-Protected Securities (TIPS) as well as electronic Series EE and electronic Series I savings bonds. (We won't discuss savings bonds here since this is a publication on marketable securities. However, you can access www.treasurydirect.gov for information on savings bonds.) You can also establish linked accounts within your primary accounts for minors or for special savings goals.

Here's how it all works. Before you can buy a Treasury security through TreasuryDirect, you'll need to create an account.

DON'T HAVE AN ACCOUNT YET?

You can establish a TreasuryDirect account for an individual or an entity. Individual TreasuryDirect accounts may be established only in the name of a single person – an individual.

To open an individual TreasuryDirect account, you must complete an online application. You must:

- Be at least 18 years old
- Be legally competent
- Have a valid TIN (SSN or EIN)
- Have a U.S. address of record
- Have an account at a financial institution based in the United States that will accept debits and credits using the ACH method of payment
- Have an e-mail address
- Have a browser that supports 128-bit encryption

To open an entity account in TreasuryDirect, the manager of the account must meet all the requirements shown above for an individual account. Also, the entity account manager must be the person who opens the account and he or she must be authorized to act alone when managing the account on behalf of the entity or organization.

Take the Guided Tour to learn more about opening an account.

ACCOUNT REGISTRATIONS

A TreasuryDirect account may be registered in the name of **one** individual or the name of certain entities. However, the registration of the security held in the account depends on what type of account it is. For instance, if you create an entity account, then all securities held in that account will be registered to that entity. If you create an individual account, you will have options on how to register each security.

SECURITY REGISTRATION OPTIONS FOR INDIVIDUAL ACCOUNTS

Three registrations are available in TreasuryDirect for Individual Accounts. Consider carefully how to establish clear ownership and survivorship rights for each security you purchase.

- **Single Ownership**
  Mary Benson Doe

- **Primary Owner WITH a Secondary Owner**
  The primary owner has control of the security
  John B. Smith WITH Mary B. Doe

- **Primary Owner with a Beneficiary**
  The owner authorizes transactions; no consent is needed from the beneficiary
  Jane Investor, payable on death to Junior Investor

ACCOUNT AND SECURITY REGISTRATION OPTIONS FOR ENTITY ACCOUNTS

All securities purchased in an entity account will bear the registration of the account. These registrations are available for entities:

- **Sole Proprietorship**
  John Doe DBA Doe Plumbing Supplies

- **Partnership**
  Smith and Jones Construction Company, a partnership

- **Corporation**
  ABC Corporation

- **Limited Liability Company (LLC) and Professional Limited Liability Company (PLLC)**
  Dental Associates, PLLC or Summit Consulting Service, LLC

- **Trust**
  One trustee must be authorized to act alone in order to open this type of an account
  John Doe, Trustee under Declaration of Trust dated January 1, 2001

  First National Bank, Trustee under Declaration of Trust dated January 1, 2001

John Doe or Sarah Jones, Trustees under agreement with Jane Doe dated January 1, 2001

Sarah Jones, Trustee under the Will of Matthew Smith, deceased

- **The estate of a deceased person**
  John Smith or James Jones, [Executors of the Will of/ Administrators of the Estate of] James B. Brown, deceased

- **The estate of a living person (e.g., incompetent or minor)**
  John Doe, Legal Guardian of William Jones

See our web page "Learn More About Entity Accounts."

HOW DO I BUY A SECURITY?

Once you open your account, you can submit noncompetitive bids to buy marketable securities. Submitting a noncompetitive bid is accomplished by scheduling a purchase using the BuyDirect® function in your account. You may schedule only one marketable security purchase in a single transaction request.

BUYDIRECT

You must specify the:

- Purchase date
- Security type (bill, note, bond, FRN, or TIPS)
- Term (4-weeks, 13-weeks, 2-years, etc.)
- Par amount
- Registration desired
- Source of funds to pay for the security, and
- Destination(s) for interest payments and redemption proceeds

You also have the option to schedule the security for reinvestment.

INVESTOR TIP:

Here's a tip for navigating through TreasuryDirect. Don't use the "back," "forward," or "refresh" buttons on your web browser—use the buttons at the bottom of each screen. By using the "back," "forward," or "refresh" buttons you may receive the message "TreasuryDirect Not Available."

PAYING FOR SECURITIES

You may fund your purchase by either:

- A debit through the ACH network against your designated checking or savings account, or
- A redemption of all or part of a Zero-Percent Certificate of Indebtedness (C of I) held in your TreasuryDirect account.

Once the purchase request is final (the tender is accepted), you are obligated to pay for the purchase on the issue date. The exact price is not known until determined by the results of the auction. The final cost may include:

- A premium,
- Accrued interest, and/or
- An accrued inflation adjustment

You must have the funds available on the issue date in the Source of Funds designated (account at a financial institution or C of I). Should the funds not be available on the issue date, the tender will be rejected and the purchase cancelled.

WHAT IS A ZERO-PERCENT CERTIFICATE OF INDEBTEDNESS (C OF I)?

A Zero-Percent Certificate of Indebtedness (C of I) is a Treasury security that does not earn any interest. You can use it as a source of funds for purchasing eligible securities. A C of I is automatically registered in your name alone and can be held in a primary account or a linked account, including a minor account. It automatically matures and rolls over each day until you redeem it. There is no limit to the amount held in a C of I.

You may fund your C of I by:

- Purchases through BuyDirect—checking or savings debits (There is a $1,000 per transaction limit.)
- A single or recurring credit from a bank account
- Credit from an employer
- IRS refund
- Matured proceeds of marketable securities or savings bonds
- Semi-annual interest payments from marketable securities
- Redemption of savings bonds

MAINTAINING YOUR TREASURYDIRECT ACCOUNT

Once your TreasuryDirect account is established, you can conduct most of your account maintenance and transactions online 24 hours a day, 7 days a week.

Online you can:

- Change your account information, with the exception of account name, tax identification number, and date of birth
- View account balances of each individual security type
- View a history of purchases, transactions, and pending transactions
- Change or delete pending transactions
- Change your password
- Change account security information
- Purchase eligible Treasury securities
- Transfer securities between your TreasuryDirect accounts, as long as they have the same TIN
- Schedule or change reinvestment options
- Add, edit, and delete your bank information

INVESTOR TIP:

You can find additional information on the web by using the HELP function in TreasuryDirect. This feature is available on any screen in your account.

TRANSACTIONS AND INQUIRIES

Not everything you'll need to maintain your account is available through the web. Some transactions require a form:

To:	Use these forms and/or methods:
Change of name of the account holder	*Offline Transaction Request* (FS Form 5446) or e-mail from within your account (some transactions will require evidence of change)
Change date of birth	*Offline Transaction Request* (FS Form 5446)
Change an incorrect Taxpayer Identification Number (TIN)	*Offline Transaction Request* (FS Form 5446)
Transfer a security to another TreasuryDirect account with a different TIN	*Transfer Request* (FS Form 5511) (when requesting this type of transaction, the form and instructions are provided in your account)
Transfer a security to a financial institution or a broker/dealer	*Transfer Request* (FS Form 5511) (when requesting this type of transaction, the form and instructions are provided in your account)
Transfer a security from Legacy Treasury Direct to TreasuryDirect	*Security Transfer Request* (FS Form 5179)

REINVESTING

With TreasuryDirect, you can schedule reinvestments for any term offered.

Scheduling reinvestments when making your original purchase. You may schedule the reinvestment of a marketable security by completing the Schedule Reinvestment section on the BuyDirect page when making your original purchase.

Scheduling reinvestments after making your original purchase. If you have an original or reinvested security which has no reinvestments scheduled, you may request reinvestment of the security prior to its maturity. To schedule reinvestments, click the Schedule Reinvestments link on the ManageDirect page.

Editing or changing scheduled reinvestments. To change the number of scheduled reinvestments for a security, select the Edit Reinvestments link on the ManageDirect page.

For step-by-step information, see our website for "How do I reinvest the proceeds of a maturing security in my TreasuryDirect account?"

MOVING INTO, AROUND IN, OR OUT OF TREASURYDIRECT

TreasuryDirect is flexible. We designed our program for you to hold securities from issue to maturity, but we know it's convenient to have access so you can take advantage of market trends.

If you're interested in selling Treasury securities before they mature, we can transfer them to the commercial book-entry system where you can have them sold. If you're interested in moving between TreasuryDirect accounts, we can handle that too.

TRANSFERRING SECURITIES BETWEEN TREASURYDIRECT ACCOUNTS

It's easy to transfer securities between existing TreasuryDirect accounts. If both accounts have the same TIN, you can make the transfer yourself online through the ManageDirect tab.

If you wish to transfer securities between existing TreasuryDirect accounts that do not have the same TIN, you will need to go through the ManageDirect tab and follow the instructions to submit a certified *Transfer Request* (FS Form 5511), showing the "to" and "from" account numbers along with specific instructions about the securities being transferred.

TRANSFERRING SECURITIES OUT

If you want to move securities out of a TreasuryDirect account to a commercial book-entry account, we can make that transfer for you. Simply submit a certified *Offline Transfer Request* (FS Form 5446) to Treasury Retail Securities Site, PO Box 7015, Minneapolis, MN 55480-7015. It's very important to include the electronic transfer information for the financial institution or broker that will receive the securities.

You can't transfer securities out of TreasuryDirect within **45 days** of original issue. And, to guarantee processing, we must receive any transfer request at least **10 business days** before the next interest or principal payment date. However, you can check with us about exceptions to these rules.

TRANSFERRING SECURITIES IN FROM A BANK OR BROKER

Marketable securities can be transferred from a brokerage firm or bank that has the ability to transfer securities. You don't need a form for the transaction, but you must provide the bank or broker the following wire instructions for the transfer:

- Receiving Bank—TREASURYDIRECT (all caps, no space)
- Unique ABA#—051736158
- Your Account—Your 10-digit TreasuryDirect account number, without dashes

TRANSFERRING SECURITIES IN FROM LEGACY TREASURY DIRECT

You may also move eligible marketable securities from your Legacy Treasury Direct account to your online TreasuryDirect account. To do this, complete a *Security Transfer Request* (FS Form 5179). Incoming transfers are released into the Current Holding section of your TreasuryDirect account.

TAXES AND MISCELLANEOUS MATTERS

Like they say, taxes are a certain thing, and it's no different with Legacy Treasury Direct and TreasuryDirect. The interest you earn on Treasury securities is subject to Federal tax, but it's exempt from state and local income taxes. We can help you plan for taxes. Treasury can withhold some of your interest payments to help defray your tax burden if you want us to.

If you have a Legacy Treasury Direct account, you can establish voluntary withholding by writing to the Treasury Retail Securities Site, P.O. Box 9150, Minneapolis, MN 55480-9150. You'll need to provide your account number and the percentage (up to 50 percent) you want withheld.

If you have a TreasuryDirect account, you can establish voluntary withholding online under the Account Info tab. Select Edit and then select the appropriate withholding and amount (up to 50 percent).

We'll transfer your withholdings to the Internal Revenue Service and note that on your 1099-INT.

Prior to 2014, Legacy Treasury Direct charged an annual maintenance fee on accounts of more than $100,000. The fee may be tax deductible.
See IRS Publication 550.

INTEREST INCOME REPORTING

We report annually to the IRS all interest payments on Treasury notes, bonds, FRNs, and TIPS, and all interest earned on Treasury bills. Each year, we'll prepare an IRS tax statement(s) showing the interest you've earned.

The 1099-INTs for Legacy Treasury Direct are mailed in January. The 1099s for your TreasuryDirect account are made available in your account by the end of January; go to them by using the ManageDirect tab.

Note: We report the interest earned on bills for the year the bills mature. When interest income on Treasury notes, bonds, or TIPS is scheduled to be paid on December 31 and that date isn't a business day, we'll report the income as being earned on the first Federal banking day of the following year.

BROKER REPORTING

Sometimes customers use a broker to buy Treasury securities and then transfer them into their TreasuryDirect accounts. When this happens, brokers are required to report any interest income while the security was held in their system. Likewise, we're required to report any interest income while it's held in our system. For this reason, it's possible for customers to get more than one 1099 for the same security.

If you need more information on taxation of Treasury securities, consult the IRS.

INFLATION-PROTECTED SECURITIES AND ORIGINAL ISSUE DISCOUNT

Not only do you get a 1099-INT for any inflation-protected securities, you also get a form 1099-OID (Original Issue Discount) reporting how much your TIPS increased in value that year because of inflation. Even in a year when your TIPS didn't mature and, therefore, you didn't receive the money reported as OID income, you did earn interest on that amount; so, the IRS requires us to report the increased value of the security as income.

If you see a negative amount on your 1099-OID, it means deflation occurred after you bought your security, dropping the value of the security below its original value or its value at the end of the previous tax year. We report negative OID amounts only to you, not to the IRS. If you get two 1099-OID forms—one from us and one from your broker—it's probably because you transferred TIPS from Legacy Treasury Direct or TreasuryDirect to a broker, or from a broker to TreasuryDirect.

Just like us, your brokers must report the amount of OID for the period when the TIPS was maintained in their systems.

CURRENT RECORD-KEEPING

Remember to always keep your Treasury accounts updated with your current telephone number and address. If you have a Legacy Treasury Direct account, we'll mail your 1099 by January 31 of the following year. If you have a TreasuryDirect account, you'll need to access your account and print your 1099. (We do not mail or e-mail 1099s for TreasuryDirect accounts.)

We strongly encourage you to make sure someone else knows you have an account. This could be as simple as recording your Legacy Treasury Direct or TreasuryDirect account number and registration and keeping that information in a safe deposit box, providing the information to your attorney, making mention of the accounts in your will, or simply making a family member aware of these investments.

INVESTOR TIP:

Legacy Treasury Direct account holders

Has your 1099-INT not arrived?

Have you ordered a statement—more than two weeks ago—that hasn't arrived yet?

Don't request another item until you check your address of record. Have you moved? If so, and if you didn't file a temporary change of address with your Post Office, you need to tell us your new address. To do this, speak to a customer service representative at 844-284-2676 (toll free).

SELECTED REGULATIONS GOVERNING U.S. TREASURY SECURITIES

Regulations governing Treasury securities can be found on the eCFR.gov website. Selected regulations:

31 Code of Federal Regulations Part 357
Regulations Governing Book-Entry Treasury Bonds, Notes, and Bills Held in Treasury/Reserve Automated Debt Entry System (TRADES) and Legacy Treasury Direct

31 Code of Federal Regulations Part 356
Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds

31 Code of Federal Regulations Part 306
General Regulations Governing U.S. Securities (registered and bearer securities)

31 Code of Federal Regulations Part 370
Electronic Transactions and Funds Transfers Relating to United States Securities

31 Code of Federal Regulations Part 363
Regulations Governing Securities Held in TreasuryDirect

GLOSSARY

Accrued Interest—The amount of interest a security earns before it's actually issued to you. A security starts earning interest on what's known as the "dated date"—the established date for issuing that security. The dated date is normally the same as the issue date. However, there are exceptions: (1) if the security's dated date falls on a weekend or holiday with the issue date on the following business day and (2) if the security has been reopened and you're buying it after the original issue date. You're responsible for paying the accrued interest when you buy the security, but you get it back in the next scheduled semiannual interest payment (the scheduled payment is a fixed amount, and it includes that accrued interest).

Auction—Public sale of Treasury securities. It's how we determine the rate or yield and the purchase price.

Bill—A short-term marketable security of a year or less. U.S. Treasury Bills currently come in 4-week, 8-week, 13-week, 26-week, and 52-week maturities. All those maturities are available in TreasuryDirect and from banks and brokers. The U.S. Treasury also offers Cash Management Bills, available only through banks and brokers.

Bond—A long-term marketable security of more than 10 years. We currently offer a 20-year bond and a 30-year bond. They are available through TreasuryDirect and through banks and brokers. (Marketable bonds are not the same as Savings Bonds.)

Book-Entry—Securities maintained as computer records rather than in paper form. Engraved paper certificates are not issued for new Treasury bill, note, bond, and TIPS purchases.

Commercial Book-Entry System—The book-entry system for securities held in book-entry form by financial institutions and other entities that maintain book-entry securities for their customers.

CPI-U—The Consumer Price Index for All Urban Consumers. We use this index to calculate payments on inflation-protected securities (TIPS). It's what determines how much these securities rise or fall in value. You can find it at the U.S. Department of Labor website (www.bls.gov).

CUSIP—(Pronounced "Q-sip.") Stands for Committee for Uniform Security Identification Procedures. It's a unique number that identifies Treasury securities maturing on a specific date. You'll find the CUSIP number under the "Account Holdings/Security" section of your Legacy Treasury Direct Statement of Account or in Current Holdings within your TreasuryDirect account.

INVESTOR TIP: Before deciding to create a trust account in TreasuryDirect, be sure that the trust document authorizes co-trustees to act alone. If it does not, then a trust account cannot be created.

Direct Deposit—A payment method that electronically deposits funds into your checking or savings account or into the Zero-Percent C of I in your TreasuryDirect account. Legacy Treasury Direct and TreasuryDirect payments are made by direct deposit.

Discount—The amount by which the auction price of a bill, note, bond, or TIPS is lower than its face value. The discount on Treasury bills, which is paid when purchased, is considered the earned interest when the bill matures. Discount also is referred to as "refund" on your Legacy Treasury Direct Statement of Account. It's not refunded if it's $1 or less, unless you request it. In TreasuryDirect, the discount can be found in Security History. TreasuryDirect pays the refund to the penny.

Entity Account—An account not owned by an individual.

Floating Rate Note (FRN)—A security whose interest payments, issued quarterly, rise and fall with discount rates on 13-week bills. The securities are issued for a term of 2 years, currently, and are sold in TreasuryDirect and by banks and brokers.

Issue Date—The date we place a security into your account. Interest normally begins to accrue on this date.

Linked Account—A TreasuryDirect account that is a separate account from the primary account, but is connected to the primary account. Linked accounts include minor and custom accounts. A linked account can be accessed only through the Primary Account.

Marketable Securities—Treasury bills, notes, bonds, and TIPS. Marketable securities are transferable and may be sold in the secondary securities market through a broker/dealer.

Maturity Date—The date a security matures—comes due and is payable—and stops earning interest.

Non-Marketable Securities—Securities that can't be transferred to another owner or traded in the secondary market (example: U.S. Savings Bonds).

Note—A medium-term marketable security of 2-10 years. U.S. Treasury Notes are currently issued in 2-year, 3-year, 5-year, 7-year, and 10-year maturities. Notes are available for purchase in TreasuryDirect or through a bank or broker.

Par Amount—The full face value (or the principal amount) of a security.

Premium—The amount by which the auction price of a note, bond, or TIPS is higher than its face value. When you purchase in TreasuryDirect, we debit the full price from the bank account you designated or from your C of I.

Primary Account—Personal account opened in TreasuryDirect. Once it's open, owners may establish minor or custom-linked accounts that can be accessed only from the primary account.

Primary Owner—First individual named in the registration of a book-entry security registered in the "Owner WITH Owner" format.

Real Yield—For an inflation-protected security, the yield based on the payment stream in constant dollars. In other words, the real yield is the yield in the absence of inflation.

Reinvest—To apply the proceeds of a maturing marketable security toward the purchase of a new marketable security.

Reopening—When a previously issued security is re-auctioned with the same maturity date and interest rate as the original security, but with a different issue date. However, the purchase price and yield depend on the auction results. Customers must pay the interest accrued from the dated date (the original issue date) to the reopened issue date. Then, we pay the full semiannual interest payment to the account owner when it's due.

Secondary Owner—Second individual named in the registration of a book-entry security registered in the "Owner WITH Owner" form in TreasuryDirect.

Signature Certification—A guarantee of the validity of a signature on a form or document by the certifying official who witnessed the signature. Certification is available at a bank and most financial institutions. Acceptable certifications include a financial institution's seal or stamp (such as Corporate Seal, Signature Guaranteed Stamp, or Medallion Stamp). Brokers must use a Medallion Stamp. Certification by a notary is acceptable ONLY for minor name corrections submitted without supporting evidence.

Spread—The highest accepted discount margin determined at auction of the original issuance of a Floating Rate Note.

Tax Statement—IRS Form 1099-INT, 1099-B, or 1099-OID.

TIPS (Treasury Inflation-Protected Security)—A marketable security whose principal is tied to inflation. TIPS currently are available in terms of 5, 10, and 30 years. They are sold in TreasuryDirect and by banks and brokers.

Zero-Percent Certificate of Indebtedness (C of I)—A mechanism customers can use to fund purchases in TreasuryDirect. The C of I is a noninterest-bearing security that automatically matures and is rolled over each day until its owner requests that it be redeemed.

THE INTERNET CONNECTION

For more information on Treasury securities, visit the web pages below.

Web Address:	What's There
http://www.treasurydirect.gov/ Click "Individuals" for links to...	• Legacy Treasury Direct and TreasuryDirect • Paperless I/EE Bond page • Savings Bond pages
www.treasurydirect.gov/indiv/myaccount/myaccount_legacytd.htm	Legacy Treasury Direct
www.treasurydirect.gov/indiv/myaccount/myaccount_treasurydirect.htm	TreasuryDirect
www.treasury.gov/resource-center/data-chart-center/quarterly-refunding/documents/auctions.pdf	Tentative Auction Schedule
http://www.treasurydirect.gov/instit/forms/forms_BillNotesBondFRNTIPS.htm	Forms and publications
www.treasurydirect.gov/maillist/maillist.htm	Sign-up page for e-mail list for auction announcements and results
www.treasurydirect.gov/deptcirculars.htm	31 CFR (regulations governing U.S. Treasury securities)

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