

**Exclusion of Interest From Series EE  
 U.S. Savings Bonds Issued After 1989  
 (For Filers With Qualified Higher Education Expenses)**  
 ► Attach to Form 1040 or Form 1040A.

**Caution:** If your filing status is married filing separately, **do not** file this form. You **cannot** take the exclusion even if you paid qualified higher education expenses in 1997.

Name(s) shown on return	Your social security number : : :
<b>1</b> (a) Name of person (you, your spouse, or your dependent) who was enrolled at or attended an eligible educational institution	<b>(b)</b> Name and address of eligible educational institution

If you need more space, attach additional sheets.

<b>2</b> Enter the total qualified higher education expenses you paid in 1997 for the persons listed in column (a) of line 1. See the instructions to find out which expenses qualify . . . . .	<b>2</b>		
<b>3</b> Enter the total of any nontaxable educational benefits (such as nontaxable scholarship or fellowship grants) received for 1997 for the persons listed in column (a) of line 1. See instructions	<b>3</b>		
<b>4</b> Subtract line 3 from line 2. If zero or less, <b>stop</b> . You <b>cannot</b> take the exclusion . . . . .	<b>4</b>		
<b>5</b> Enter the total proceeds (principal and interest) from all series EE U.S. savings bonds <b>issued after 1989</b> that you <b>cash</b> during 1997 . . . . .	<b>5</b>		
<b>6</b> Enter the interest included on line 5. See instructions . . . . .	<b>6</b>		
<b>7</b> Is line 4 <b>less than</b> line 5? <b>No.</b> Enter "1.00." <b>Yes.</b> Divide line 4 by line 5. Enter the result as a decimal (rounded to two places) } . . . . .	<b>7</b>	×	
<b>8</b> Multiply line 6 by line 7 . . . . .	<b>8</b>		
<b>9</b> Enter your modified adjusted gross income. See instructions . . . . . <b>Note:</b> If line 9 is \$65,850 or more (\$106,250 or more if married filing jointly or qualifying widow(er)), <b>stop</b> . You <b>cannot</b> take the exclusion.	<b>9</b>		
<b>10</b> Enter \$50,850 (\$76,250 if married filing jointly or qualifying widow(er))	<b>10</b>		
<b>11</b> Subtract line 10 from line 9. If zero or less, skip line 12, enter -0- on line 13, and go to line 14 . . . . .	<b>11</b>		
<b>12</b> Divide line 11 by \$15,000 (by \$30,000 if married filing jointly or qualifying widow(er)). Enter the result as a decimal (rounded to two places) . . . . .	<b>12</b>	×	
<b>13</b> Multiply line 8 by line 12 . . . . .	<b>13</b>		
<b>14 Excludable savings bond interest.</b> Subtract line 13 from line 8. Enter the result here and on Schedule B (Form 1040), line 3, or Schedule 1 (Form 1040A), line 3, whichever applies . . . ►	<b>14</b>		

**General Instructions**

Section references are to the Internal Revenue Code.

**Purpose of Form**

If you cashed series EE U.S. savings bonds in 1997 that were issued after 1989, you may be able to exclude from your income part or all of the interest on those bonds. Use Form 8815 to figure the amount of any interest you may exclude.

**Who May Take the Exclusion**

- You may take the exclusion if **all four** of the following apply:
1. You cashed qualified U.S. savings bonds in 1997 that were issued after 1989.
  2. You paid qualified higher education expenses in 1997 for yourself, your spouse, or your dependents.

3. Your filing status is any status **except** married filing separately.
4. Your modified AGI (adjusted gross income) is less than \$65,850 (less than \$106,250 if married filing jointly or qualifying widow(er)). See the line 9 instructions to figure your modified AGI.

**U.S. Savings Bonds That Qualify for Exclusion**

To qualify for the exclusion, the bonds must be series EE U.S. savings bonds issued after 1989 in your name, or, if you are married, they may be issued in your name and your spouse's name. Also, you must have been age 24 or older before the bonds were issued. A bond bought by a parent and issued in the name of his or her child under age 24 does not qualify for the exclusion by the parent or child. **Bond information may be verified with Department of the Treasury records.**

**Recordkeeping Requirements**

Keep the following to verify the amount of interest you exclude:

- Bills, receipts, canceled checks, or other documents showing you paid qualified higher education expenses in 1997.
- A written record of each post-1989 series EE U.S. savings bond that you cash. Your written record must include the serial number, issue date, face value, and total redemption proceeds (principal and interest) of each bond. You may use **Form 8818**, Optional Form To Record Redemption of Series EE U.S. Savings Bonds Issued After 1989.

**Specific Instructions**

**Line 1**

**Column (a).**—Enter the name of the person who was enrolled at or attended an eligible educational institution. This person must be you, your spouse, or your dependent(s) claimed on line 6c of Form 1040 or Form 1040A. An **eligible educational institution** is a college, university, or vocational education school.

**Column (b).**—Enter the name and address of the institution. If the person was enrolled at or attended more than one, list all of them.

**Line 2**

**Qualified higher education expenses** include only tuition and fees required for the enrollment or attendance of the person(s) listed on line 1, column (a), at the institution(s) listed in column (b). They **do not** include expenses for:

- Room and board, or
- Courses involving sports, games, or hobbies that are not part of a degree or certificate granting program.

**Do not** include on line 2 expenses that were covered by nontaxable educational benefits paid directly to, or by, the educational institution.

**Line 3**

Enter on this line the total qualified higher education expenses included on line 2 that were covered by nontaxable educational benefits. **Nontaxable educational benefits** include:

- Scholarship or fellowship grants excludable from income under section 117.
- Veterans' educational assistance benefits.
- Employer-provided educational assistance benefits that are not included in box 1 of your W-2 form(s).
- Payments, waivers, or reimbursements of educational expenses under a qualified state tuition program.
- Any other payments (but **not** gifts, bequests, or inheritances) for educational expenses that are exempt from income tax by any U.S. law.

**Do not** include on line 3 nontaxable educational benefits paid directly to, or by, the educational institution.

**Example.** You paid \$10,000 of qualified higher education expenses in 1997 to the college your son attended. You claim your son as a dependent on line 6c of your 1997 tax return. Your son received a \$2,000 nontaxable scholarship grant for 1997, which was paid directly to him. In this case, enter \$10,000 on line 2 and \$2,000 on line 3.

**Line 6**

Did you use Form 8818 to record bonds you cashed in 1997?

**Yes.** Enter on line 6 the amount from Form 8818, line 5.

**No.** Use the worksheet below to figure the amount to enter on line 6.

**Worksheet—Line 6**  
(keep a copy for your records)

1. Enter the face value of all post-1989 bonds cashed in 1997 . . . . . 1. \_\_\_\_\_
2. Enter the amount from Form 8815, line 5 . . . . . 2. \_\_\_\_\_
3. Multiply line 1 above by 50% (.50) . . . . . 3. \_\_\_\_\_
4. Subtract line 3 from line 2. This is the interest on the bonds. Enter the result here and on Form 8815, line 6 . . . . . 4. \_\_\_\_\_

**Line 9**

Follow these steps before you fill in the line 9 worksheet below.

Step	Action						
1	If you received social security benefits, use <b>Pub. 915</b> to figure the taxable amount of your benefits.						
2	If you made IRA contributions for 1997 and you were covered by a retirement plan at work or through self-employment, use <b>Pub. 590</b> to figure your IRA deduction.						
3	Complete the following lines on your return if they apply. <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>IF you file Form...</th> <th>THEN complete lines...</th> </tr> </thead> <tbody> <tr> <td>1040</td> <td>8b, 9–21, and 23–31</td> </tr> <tr> <td>1040A</td> <td>8b, 9–13b, and 15</td> </tr> </tbody> </table>	IF you file Form...	THEN complete lines...	1040	8b, 9–21, and 23–31	1040A	8b, 9–13b, and 15
IF you file Form...	THEN complete lines...						
1040	8b, 9–21, and 23–31						
1040A	8b, 9–13b, and 15						
4	If any of the following apply, see <b>Pub. 550</b> : <ul style="list-style-type: none"> <li>• You file <b>Form 2555</b> or <b>2555-EZ</b> (relating to foreign earned income), or <b>Form 4563</b> (exclusion of income for residents of American Samoa),</li> <li>• You have employer-provided adoption benefits for 1997,</li> <li>• You exclude income from Puerto Rico, <b>or</b></li> <li>• You have investment interest expense attributable to royalty income.</li> </ul>						

**Worksheet—Line 9**

(keep a copy for your records)

1. Enter the amount from line 2 of **Schedule B** (Form 1040) or **Schedule 1** (Form 1040A) . . . . . 1. \_\_\_\_\_
2. **Form 1040 filers**, add the amounts on lines 7, 9 through 14, 15b, 16b, 17 through 19, 20b, and 21. Enter the total. } 2. \_\_\_\_\_  
**Form 1040A filers**, add the amounts on lines 7, 9, 10b, 11b, 12, and 13b. Enter the total. }
3. Add lines 1 and 2 . . . . . 3. \_\_\_\_\_
4. Enter the amount from **Form 1040**, line 31, or **Form 1040A**, line 15 . . . . . 4. \_\_\_\_\_
5. Subtract line 4 from line 3. Enter the result here and on Form 8815, line 9 . . . . . 5. \_\_\_\_\_

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 53 min.; **Learning about the law or the form**, 13 min.; **Preparing the form**, 35 min.; and **Copying, assembling, and sending the form to the IRS**, 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for Form 1040 or Form 1040A.

