



INVESTING DIRECTLY WITH THE U.S. TREASURY

www.treasurydirect.gov

INVESTING IN MARKETABLE TREASURY SECURITIES

Welcome! This publication contains information concerning our two systems that are used to purchase marketable Treasury securities. Our older system is Legacy Treasury Direct®. If you are currently a Legacy Treasury Direct customer, you can buy 13-week and 26-week Treasury securities and hold them electronically in an account you currently have with the U.S. Treasury. If you don't have a Legacy Treasury Direct account or even if you do, you can open a TreasuryDirect® account. This system lets you buy **any** Treasury security that is offered (other than cash management bills) and hold them electronically in an account with the U.S. Treasury.

Treasury is phasing out Legacy Treasury Direct. As of May 1, 2011, Treasury discontinued the establishment of new accounts and incoming transfers in Legacy Treasury Direct. Purchases were limited to 13-week and 26-week bills, and securities that can be reinvested were limited to 13-week, 26-week, and 52-week bills.

INVESTOR TIP:

Treasury is phasing out the Legacy Treasury Direct system to reduce costs associated with the Treasury Retail Securities program and to support Treasury's plan to increase paperless transactions. As of May 1, 2011, Treasury stopped the establishment of new accounts in Legacy Treasury Direct. Along with this change, Treasury stopped offering securities with maturities greater than 26 weeks, incoming transfers, and all reinvestments except for 13-week, 26-week, and 52-week bills being reinvested into 13-week or 26-week bills. Also, Treasury intends to stop all purchases and reinvestments through Legacy Treasury Direct no later than November 1, 2012. As an alternative, you can hold securities in TreasuryDirect. Visit us at www.treasurydirect.gov.

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.

Why A Treasury Book-Entry System?

When you buy a security through Legacy Treasury Direct or TreasuryDirect, it's deposited in 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: 800-722-2678

(for questions on Legacy Treasury Direct including Electronic Services)
304-480-6464

(for questions on Legacy Treasury Direct if you're out of the country)

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 (PD P 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.



TABLE OF CONTENTS



1 Marketable Securities1
 Why Do We Sell Marketable Securities?1
 Bills, Notes, Bonds, and TIPS1
 How Does Treasury Sell Securities?2
 Bidding2
 Let's Talk About Auctions3
 How Does An Auction Work?3
 What Am I Paying?4
 When You Owe More Money4



2 Investing Through Legacy Treasury Direct6
 The Legacy Treasury Direct Account6
 Treasury Retail Securities Site6
 Tenders6
 Reinvestments7
 Paying for Securities8
 Direct Deposit8
 Statement of Account and Confirmation Notices9
 Maintaining Your Legacy Treasury Direct Account11
 Electronic Services for Treasury Bills, Notes, and Bonds11
 Typical Transactions & Inquiries (table)15
 Moving Around in and Out of Legacy Treasury Direct16



3 Investing Through TreasuryDirect17
 The TreasuryDirect Account17
 Don't Have an Account Yet?17
 Account Registrations17
 How Do I Buy a Security?19
 Paying for Securities19
 What is a Zero-Percent Certificate of Indebtedness (C of I)?20
 Maintaining Your TreasuryDirect Account21
 Typical Transactions & Inquiries (table)21
 Reinvesting22
 Moving Into, Around in, and Out of TreasuryDirect23

4 Taxes and Miscellaneous Matters24
 Interest Income Reporting24
 Broker Reporting24
 Inflation-Protected Securities and Original Issue Discount25
 Current Record-Keeping25
 Selected Regulations Governing U.S. Treasury Securities25

5 Glossary26

6 The Internet Connection29

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, or TIPS. We’ll break it down.

The Bureau of the Public Debt regularly sells marketable securities in terms ranging from several days to 30 years (although you can buy only the 13-week and 26-week bills through Legacy Treasury Direct, 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 Legacy Treasury Direct or TreasuryDirect costs you nothing—except, of course, the cost of the security. (We do have an annual maintenance fee for Legacy Treasury Direct accounts with balances over \$100,000 but not for TreasuryDirect accounts. There will be more about that later in this publication.)

You can buy and maintain Treasury securities easily, quickly—and with no commission or purchase fee—when you use Legacy Treasury Direct or TreasuryDirect.

► Why Do We Sell Marketable Securities?

The Bureau of the Public Debt’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 and Treasury Inflation-Protected Securities (TIPS).

The difference between bills, notes, and bonds is straightforward. It depends on how long (something we call “term”) you’re willing to loan your money to us for a return on your investment.

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. (Only 13-week and 26-week bills are available for purchase in Legacy Treasury Direct accounts; in TreasuryDirect you can purchase 4-week and 52-week bills as well as 13-week and 26-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. Notes are not available in Legacy Treasury Direct.

Treasury Bonds. Bonds are long-term securities issued for more than 10 years. Like notes, bonds have fixed interest rates and semiannual interest payments. Bonds are not available in Legacy Treasury Direct.

The 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). TIPS are not available in Legacy Treasury Direct.

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](#).

► 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) or the highest accepted discount rate (for bills). 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 you can visit our website at www.treasurydirect.gov.)

► 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. In fact, everyone gets the same rate or yield. See [How Does an Auction Work?](#), which explains how we determine your purchase price.

Competitive Bidding. Competitive bidders tell us what rate/yield they want to receive. Individuals can bid competitively, but not through Legacy Treasury Direct or 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, Public Debt announces the resulting rate, yield, and price. The issue date is when we deliver securities to your Legacy Treasury Direct or 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, the media, or call the Treasury Retail Securities site (800-722-2678) to confirm all dates and times.

Here's how we calculate your inflation compensation.

INVESTOR TIP:

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.

Remember, once the auction deadline has passed, you can't withdraw submitted tenders.

► Let's Talk About Auctions.

General Pattern of Treasury Offerings. The [Tentative Auction Schedule](#) shows the general pattern of all securities offerings in place today (remember, though, 13-week and 26-week bills are the only securities available through Legacy Treasury Direct). 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. Always check with the Treasury Retail Securities site (800-722-2678) or refer to the auction announcement.

To learn what auctions will be held in the next several days, see our web page "[Upcoming Auctions](#)" or call us at 800-722-2678.

To help you stay updated, we also offer e-mail lists for auction announcements and results. [Sign up](#) online.

► How Does an Auction Work?

Everyone gets the highest yield/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/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 on our website. Also, for auctions of bills, we post results to our toll-free phone line, 800-722-2678, later that day. Most financial electronic news services and the financial press will report auction results immediately, and the regular media usually report them the next day.

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 against 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 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 against 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 expressed as a percentage. Yield to maturity is based on the price you paid for the security and the interest rate.

► 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.

► 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 reauction 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 refigured at the second auction. If it’s higher than par, you’ll owe a premium plus the accrued interest for May.





INVESTING THROUGH LEGACY TREASURY DIRECT ►



► The Legacy Treasury Direct Account.

To invest through Legacy Treasury Direct, you have to have an account established prior to May 1, 2011. As of this date, Treasury stopped the establishment of new accounts in Legacy Treasury Direct. If you do not have an open Legacy Treasury Direct account, you may want to consider [Investing Through TreasuryDirect](#).

If you're an established 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 800-722-2678. Whenever you call us, 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.

► Tenders.

Filling Out a Tender—Electronic or Otherwise. The simplest, quickest way to buy securities in Legacy Treasury Direct is online or over the phone using Electronic Services for Treasury Bills, Notes, and Bonds. If you don't want to buy electronically, use a *Treasury Marketable Securities Tender* (PD F 5381).

Online (www.treasurydirect.gov)

1. Navigate to www.treasurydirect.gov and click the link for "Individuals" to reach the Welcome Page for TreasuryDirect.
2. Click the link to "Electronic Services for Treasury Bills, Notes & Bonds" in the upper left box under "Log in Now."
3. You'll reach the Individual Login Page. Click "Go" underneath "Electronic Services for Treasury Bills, Notes & Bonds" to go to the "Virtual Lobby."
4. Click "Continue" to reach the lobby doors.
5. Enter your Legacy Treasury Direct account number and click "Enter the Lobby." Once inside, select "Purchase Securities." (This is also where you can choose other options for managing your account.)
6. Follow the directions on the screen.
7. Always print a copy of the confirmation page and number(s) for your records.

Here's an important navigation tip: Don't use your browser's back button to return to a previous screen; it won't work even though it may look as though it does. Instead, be sure to use the navigation provided by Electronic Services.

Telephone: 800-822-2678 | Out of the country: 304-480-6464

1. Call us at 800-722-2678 (or, if you're outside the United States, 304-480-6464).
2. Select the first option ("1") to reach the Electronic Services, including purchases. (This is also where you can choose other options for managing your account.)
3. Follow the prompts and make your selections as indicated.
4. When you're finished, you'll get a Confirmation Number. Always be sure to write down the Confirmation Number and keep it with your records.

Paper Tender-by Mail Only. You must either type your information on the tender or complete the form in ink, without alterations or corrections.

Backup Withholding: If the IRS has notified you that you are subject to backup withholding and you haven't received notice that the withholding is terminated, strike out the language on the tender certifying that you are not subject to backup withholding.

Submitting Your Tender. Your deadline for submitting a bid in Legacy Treasury Direct depends on how you submit your bid. Generally, when bidding by web or phone, you must enter a bid for a bill by 11 a.m. Eastern Time on auction day. If you submit a tender by mail, the tender must be postmarked at least one day before the auction date and must be received by the issue date.

Tender Submitted Too Late or Too Early? If a tender for a 13-week or 26-week bill is postmarked timely (at least one day before the auction date) but doesn't arrive by the issue date, we'll place it in the next auction.

► Reinvestments.

Requesting Automatic Reinvestment at Purchase. You can request automatic reinvestments of a 13-week or 26-week Treasury bill when you buy it. Following your instructions on the tender, we'll automatically reinvest the bill.

Requesting Reinvestment After Purchase. If you don't schedule a reinvestment when you buy your bill, you can schedule a reinvestment later. We offer different ways for you to do this.

- *Reinvest Direct Notice.* Weeks before your bill matures, we mail you this notice. You can schedule a reinvestment by filling out the notice and mailing it back.
- **Electronic Services for Treasury Bills, Notes, and Bonds.** After you receive a *Reinvest Direct Notice*, you can schedule a reinvestment online at www.treasurydirect.gov or via our automated phone services at 800-722-2678.
- *Reinvestment Request (PD F 5180).* You can download or order this form, fill it out, and mail it to us.

You can cancel a scheduled reinvestment at least **10 business days** before the security matures. (However, no later than November 1, 2012, Treasury will stop all purchases and reinvestments.)





► Paying for Securities.

We know your time and money are valuable, so we designed Pay Direct®—an automatic withdrawal payment option—to make buying quick and easy.

Pay Direct is convenient because you don't have to go to the bank for a cashier's check or a personal check that is certified. In fact, it operates the same safe way as direct deposit. We electronically collect the security's purchase price from the checking or savings account at your financial institution—the one you designated for payments in your Legacy Treasury Direct account. You do need to verify with your bank that your account will allow debit withdrawals.

If you make your purchase using Electronic Services for Treasury Bills, Notes, and Bonds, you must pay by *Pay Direct*.

When you use *Pay Direct*, your money stays in your bank account until we actually issue the security; because you don't have to mail a check early, you can keep earning interest on your money up to the last minute. If you send a check with a paper tender, we are required to deposit that check at once.

If you buy a bill using a paper tender, you can pay by *Pay Direct* or these methods:

- Certified personal checks
- Cashier's checks
- Checks issued to you by any Federal Reserve Bank

We don't accept two-party checks or credit cards.

There's a penalty (1% of the par amount of securities awarded) if you don't pay for your security in a timely manner (in the case of a payment being returned for insufficient funds, for instance). You can find this provision in the Code of Federal Regulations (31 CFR, Part 356.34).

Direct Deposit.

We look for the safest and most convenient ways to administer Treasury securities. Direct deposit fits the bill, the note—and the TIPS! In fact, direct deposit is how Legacy Treasury Direct makes payments.

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.

When you provide your direct deposit information, it applies to every security you hold (or will hold) in that particular Legacy Treasury Direct account. We won't change any direct deposit information unless we get other 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.

Of course, if you want or need to change any direct deposit information, it's easy. Just fill out a [Transaction Request \(PD F 5178\)](#) 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) AND CONFIRMATION NOTICES

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 include:

- a history of recent par, interest, and any refund payments you've received
- beginning and ending balances for the statement period
- annual discount rate for Treasury bills
- annual investment rate/yield for Treasury bills, notes, bonds, and TIPS
- any reinvestments you've already scheduled for 13-week and 26-week bills
- 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 whenever you:

- purchase 13-week and 26-week bills
- reinvest 13-week and 26-week bills and 52-week bills into 13-week or 26-week bills
- 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. Whenever ownership changes—like 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.)
- schedule a reinvestment of 13-week or 26-week bills or 52-week bills into a 13-week or 26-week bill through the mail
- cancel or change a previously scheduled reinvestment.



You'll also get a special type of confirmation if you hold TIPS. Because interest payments are calculated against 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

Whenever you need to take care of some basic transactions and maintenance details, we make it as easy as possible, especially with our Electronic Services for Treasury Bills, Notes, and Bonds. You'll need to have a Taxpayer Identification Number (TIN)—your Social Security or Employer Identification Number—to use these services.

Electronic Services for Treasury Bills, Notes, and Bonds.

Online. You can buy and reinvest your 13-week and 26-week bills and reinvest 52-week bills into 13-week or 26-week bills, check your account balance, change your address/telephone information, and order a Statement of Account or a duplicate interest income statement (IRS 1099-INT)—plus, you can get balances for individual CUSIPs (securities) in your account. Visit [Electronic Services for Treasury Bills, Notes, and Bonds](#).

Telephone. If you're not at a computer, a toll-free telephone call from anywhere in the United States will give you the same access, with the exception of changing your address/telephone information and getting balances for individual CUSIPs, which are not available through Electronic Services by phone. Just dial 800-722-2678. (Outside the country? Call 304-480-6464.)

Electronic Services options:



To:	Use This:	Hours:
Purchase 13-week and 26-week bills (established account holders using electronic payments)	Phone, Web	8 a.m. - Midnight ET M-F*
Reinvest bills (available through Electronic Services only after you receive a <i>Reinvest Direct Notice</i> , which we typically mail about 45 days before the security matures. You'll need the validation number from the form to reinvest electronically. You do have other options if you do not have this number or your <i>Reinvest Direct Notice</i> .)	Phone, Web	24 hours/day, 7 days/week Cutoff time for same-day posting is 3 p.m. ET
Order a <i>Statement of Account</i> or duplicate 1099-INT (Feb. 1 - Nov. 30 for 1099-INT)	Phone, Web	8 a.m. - Midnight ET M-F*
Check Account Balance	Phone, Web	8 a.m. - Midnight ET M-F*
Change Address or Phone Number	Phone**, Web	8 a.m. - Midnight ET M-F*



Pay Account Maintenance Fee
(accounts over \$100,000;
automatic debit option)

Phone

24 hours/day,
7 days/week
Spring to Summer or Fall

* excluding Federal holidays

** not through Electronic Services; only when talking with a representative



Electronic Purchases. If you pay by *Pay Direct*, you can buy electronically. You'll be asked to identify yourself by supplying your Legacy Treasury Direct account number and your Taxpayer Identification Number. You'll get complete instructions when you access Electronic Services between 8 a.m. and Midnight Eastern Time, Monday through Friday (excluding Federal holidays).

We'll accept any purchase entered this way as long as it arrives before the deadline for noncompetitive bids. The submission is "time-stamped" when you end your session, so be sure to allow enough time to complete your online purchase. At the end of the session, you'll get a confirmation number. Please record it or print the screen for reference.



Reinvestments. Customers are responsible for managing their portfolios in Legacy Treasury Direct, and that includes knowing when your security matures and scheduling reinvestments. If you didn't choose the automatic reinvestment option when you bought your Treasury bill, you'll find our reinvestment service a real convenience as your security nears maturity. As a courtesy to customers, we typically send a *Reinvest Direct Notice* about 45 days before your security matures, but you should not rely on that notification—be sure to independently track your securities when planning reinvestments. You have two electronic options (in addition to mailing the request): Reinvest [online](#) or call toll-free at 800-722-2678. Both are available 24 hours a day, 7 days a week. Just follow the instructions on your *Reinvest Direct Notice* form.

When reinvesting by phone or web, you won't receive a confirmation in the mail. So, be sure to write down your confirmation number or print the web page. Remember, a confirmation number simply confirms that you have entered valid account numbers and CUSIP numbers.

- **By Telephone.** We give you the same confirmation number for all the securities you reinvest during a single session by telephone. However, if you go to other electronic services between reinvestments or make separate calls for each one, you'll get different confirmation numbers.

- **Online.** Reinvesting on the web operates a little differently. Be sure to navigate using the Electronic Services navigation on the actual page—NOT your browser’s back button! Otherwise, it may appear to work when you use the browser’s back button, but it really doesn’t. If you’ve correctly reinvested multiple securities over the web, you’ll get different confirmation numbers for each security.

We do have a cutoff time for same day posting of reinvestments. We post requests received after 3 p.m. Eastern Time on the next business day. In any event, the deadline for scheduling a reinvestment is **11 calendar days** before the security matures. If you haven’t scheduled a reinvestment by then, we will automatically redeem your security on the maturity date and deposit the proceeds in your designated financial institution account.

If the date your security matures doesn’t coincide with the issue date of the security you’re buying through reinvestment, we’ll hold your redemption proceeds up to five days until the new security is issued. No interest accrues or is paid on your funds while in that holding status; that’s why we limit the time we’ll hold it to five calendar days or less.

Use a *Reinvestment Request* (PD F 5180) or speak to a customer service representative at 800-722-2678 if you want to take any of the following actions.

- Reinvest only a portion of a maturing security
- Cancel a previously scheduled reinvestment
- Schedule a reinvestment, if you didn’t receive a *Reinvest Direct Notice*

Ordering a Statement of Account. We automatically send you a statement whenever there’s a change in your holdings. If, however, you need a statement, order one by calling our toll-free telephone number or visiting our website between 8 a.m. and Midnight Eastern Time, Monday through Friday (excluding Federal holidays).

Statements are generated at the end of each week and mailed at the beginning of the following week. The balance on the statement is the total par balance as of the close of business on Friday, unless that day is a Federal banking holiday. In that case, it reflects the balance as of the last business day before Friday.

Ordering a Duplicate 1099-INT. For your convenience, we’ll provide duplicate interest income statements, or IRS Form 1099-INTs, between February 1 and November 30 for the previous tax year. Whether you order online or by phone, we’ll place it in the mail the next business day. It will be sent to the address we have on file for you, so if you’ve recently moved, you may want to check the address to make sure it’s correct. Call the Treasury Retail Securities site (800-722-2678) if you need a duplicate 1099-INT for an earlier tax year.





Checking Your Account Balance. If you need to know your Legacy Treasury Direct account balance, you can get it quickly through Electronic Services (8 a.m. - Midnight Eastern Time, Monday through Friday excluding Federal holidays). The balance you get is a real-time balance: it's accurate as of the very moment you request it.

Plus, if you have more than one account, you can get those balances at the same time. Beyond that, the web version of Electronic Services provides balances for the individual CUSIPs (securities) in your account.



A Word About Fees. Your Legacy Treasury Direct account service is free if the total par balance is \$100,000 or less. If your account exceeds \$100,000, we charge an annual maintenance fee (currently \$100). We'll send a Fee Assessment Notice for that fee in the spring; it's due within **30 days**. Be sure to make your payment on time since the law requires us to assess penalties on unpaid fees. The fee is authorized by Public Law 103-329 and is part of a broader effort to reduce the cost of government to all taxpayers.

To pay, you can call 800-722-2678 after you receive your Fee Assessment Notice, and follow the prompts to authorize a debit from the bank account you originally designated to receive payments. It's simple, quick, and easy. This service is available 24 hours a day, 7 days a week, from May to mid-October. (Also, you can pay the fee by check.)



Changing Your Address and Phone Number. Online, you can quickly check to see what address and phone number we currently have listed, and make whatever changes you need. You can also call us to speak directly with a customer service representative to make changes.

If you move permanently, your Legacy Treasury Direct mail won't forward even if you have filed a change of address with the post office. To be sure you get this important mail, you must change the address listed on your account.

If you move temporarily, like from one home to another as the seasons change, your mail can forward automatically if you take one simple action. Designate your move as "temporary" when you submit your change of address information to the post office. Your mail will automatically forward, and there's no need to change the address on your account.

Transactions and Inquiries.

Not everything you'll need to maintain your account is available through Electronic Services for Treasury Bills, Notes, and Bonds. If you need to change certain items in your account, you may need to submit a form. These changes can include addresses, phone numbers, payment instructions, name changes, or other transactions. So, for your convenience, here are the most typical transactions you'll encounter with instructions on what we require from you:

Typical Transactions and Inquiries.

To:	Use these forms and/or methods:
Change a Name	Transaction Request (PD F 5178) (needs to be certified)
Add or Remove a Second Owner or Beneficiary (but not a first-named owner)	
Change an Address or Phone Number	Web, Phone (speak to an agent), Transaction Request (PD F 5178) , Treasury Marketable Securities Tender (PD F 5381) , Written Request
Change an Incorrect Taxpayer Identification Number (TIN)	Transaction Request (PD F 5178)
Schedule a Reinvestment	If you have your <i>Reinvest Direct Notice</i> , use the web, phone, or mail. With or without the <i>Reinvest Direct Notice</i> , you may send a written request.
Schedule a Partial Reinvestment	Reinvestment Request (PD F 5180) , Phone (speak to an agent), Written Request
Cancel a Reinvestment (up to 10 business days before your bill matures)	
Change Banking and Payment Information	Transaction Request (PD F 5178) (needs to be certified if changing payment information)
Consolidate Accounts (with the same name, address, TIN, direct deposit instructions)	Transaction Request (PD F 5178)
Ask a Question	Call us at 800-722-2678
Transfer Securities (between Legacy accounts, to TreasuryDirect, or to a financial institution for safekeeping or sale)	Security Transfer Request (PD F 5179) (needs to be certified)
Request More Complex Transactions	Call us at 800-722-2678





► 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. Plus, many Legacy Treasury Direct account owners are opening online TreasuryDirect accounts and moving their holdings from Legacy Treasury Direct to that system.

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 existing Legacy Treasury Direct accounts, we can handle that.



Transferring Securities Out. If you need to move securities out of a Legacy Treasury Direct account, we can make that transfer for you. Simply submit a certified *Security Transfer Request* (PD F 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.



You can't transfer securities out of Legacy Treasury Direct within **30 days** of original issue unless you are transferring to TreasuryDirect. And, 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 these rules.

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

INVESTING THROUGH 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, and Treasury Inflation-Protected Securities (TIPS) as well as electronic Series EE and Series I savings bonds. (We will not be discussing 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 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."

INVESTOR TIP:

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. We'll start discussing accounts for individuals first. Individual TreasuryDirect accounts may only be established 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. Even though we have not spoken in depth about entity accounts, we would like to take this opportunity to give you an idea what types of entity accounts can be opened in TreasuryDirect. All securities purchased in an entity account will bear the registration of the account.

- **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

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.

INVESTOR TIP:

See [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 either the BuyDirect® or Purchase Express® function in your account.

You may only schedule one marketable security purchase in a single transaction request.

When using the web, additional information can be found using the [HELP](#) function in TreasuryDirect. Also, this same Help feature is available under any TreasuryDirect screen in your account.

INVESTOR TIP:

BuyDirect.

You must specify the:

- Purchase Date
- Security type (bill, note, bond, 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.

Purchase Express. You pick only the term and the par amount and TreasuryDirect automatically uses your primary registration and primary bank account to complete the purchase. (This is the fastest way to purchase a security.) If you use Purchase Express, you won't be able to schedule a reinvestment at the time of purchase but you'll be able to use ManageDirect after the security is issued to you to schedule the reinvestment. See [Editing or changing scheduled reinvestments](#).

► 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

Transactions and Inquiries. Not everything you'll need to maintain your account is available through the web. If you need to change certain items in your account, you may need to submit a form. These changes can include banking information, name changes, or other transactions. So, for your convenience, here are the most typical transactions you'll encounter with instructions on what we require from you.

Typical Transactions and Inquiries.



To:	Use these forms and/or methods:
Change of name of the account holder	Offline Transaction Request (PD F 5446) or email from within your account (some transactions will require evidence of change)
Change date of birth	Offline Transaction Request (PD F 5446)
Change an Incorrect Taxpayer Identification Number (TIN)	Offline Transaction Request (PD F 5446)
Adding or Changing bank Information	Bank Change Request (PD F 5512) (when requesting this type of transaction, the form and instructions are provided in your account)



Transferring a security to another TreasuryDirect account with a different TIN

Transaction Request (PD F 5511), (when requesting this type of transaction, the form and instructions are provided in your account)



Transferring a security to a financial institution or a broker/dealer

Transaction Request (PD F 5511), (when requesting this type of transaction, the form and instructions are provided in your account)



Transferring a security from Legacy Treasury Direct to TreasuryDirect

Security Transfer Request (PD F 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. You may schedule reinvestments by completing the Schedule Reinvestment section 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 ManageDirect.

For step-by-step information, see [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* (PD F 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* (PD F 5446) to Bureau of the Public Debt, P.O. Box 7015, Parkersburg, WV 26106-7015. 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 without using a broker by completing a *Security Transfer Request* (PD F 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%) 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%).

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

The annual account maintenance fee in Legacy Treasury Direct on accounts of more than \$100,000 may be tax deductible. See IRS Publication 550.

► Interest Income Reporting.

We report annually to the IRS all semiannual interest payments on Treasury notes, bonds, 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 TreasuryDirect account in January using the ManageDirect tab.

Note: We report the interest earned on bills for the year the bills mature. Whenever 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 taxes and Treasury securities, consult the IRS.

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, use the web version of
Electronic Services for Treasury
Bills, Notes, and Bonds or speak to
a customer service representative
at 800-722-2678.

INVESTOR TIP:

► 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 because of inflation. Even though you never physically received 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 only report negative OID amounts 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 while it 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 send mail or email 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.

► Selected Regulations Governing U.S. Treasury Securities.

You may download regulations using the links below. Also, you can order regulations by speaking to a customer service representative at 800-722-2678 or by writing to Treasury Retail Securities Site, P.O. Box 9150, Minneapolis, MN 55480-9150.

[Department of the Treasury Circular, Public Debt Series No. 2-86, \(31 CFR Part 357\)](#)
Regulations Governing Book-Entry Treasury Bonds, Notes, and Bills Held in Legacy Treasury Direct

[Department of the Treasury Circular, Public Debt Series No. 1-93, \(31 CFR Part 356\)](#)
Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds

[Department of the Treasury, Department Circular No. 300, \(31 CFR Part 306\)](#)
General Regulations Governing U.S. Securities (registered and bearer securities)

[Department of the Treasury Circular, \(31 CFR Part 370\)](#)
Regulations Governing the Electronic Transactions and Transfer of Funds by Electronic Means on Account of United States Securities

[Department of the Treasury Circular, \(31 CFR Part 363\)](#)
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, 13-week, 26-week, and 52-week maturities. All those maturities are available in TreasuryDirect and from banks and brokers. Legacy Treasury Direct offers only 13-week and 26-week bills. 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. The U.S. Treasury offers a 30-year bond, but it isn't available for purchase through Legacy Treasury Direct. The bond is available through our online TreasuryDirect program 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.

Direct Deposit—A payment method that electronically deposits funds in 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.

Electronic Services for Treasury Bills, Notes and Bonds—These services allow Legacy Treasury Direct customers to conduct business in a Legacy Treasury Direct account using a touch-tone telephone (800-722-2678) or the Internet (www.treasurydirect.gov). You can schedule a purchase or reinvestment, order a Statement of Account or a duplicate 1099-INT, request your account balance, and pay annual account maintenance fees (on accounts over \$100,000). Investors outside the country should call 304-480-6464.

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 only be accessed 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 (examples: U.S. Savings Bonds [Series EE, I, and HH]).

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. Notes aren't available in Legacy Treasury Direct.

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. If you've paid the par amount by check for a purchase in Legacy Treasury Direct, you'll get a Payment Due Notice for the difference. When you purchase in Legacy Treasury Direct using Electronic Services for Treasury Bills, Notes, and Bonds, we debit the full price from the bank account you designated. 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 or 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 ONLY acceptable for minor name corrections submitted without supporting evidence.

Tax Statement—IRS forms consisting of 1099-INTs, 1099-Bs, or 1099-OIDs.

Tender—The electronic or paper form you use to buy a Treasury bill in Legacy Treasury Direct.



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. They aren't sold in Legacy Treasury Direct.

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

THE INTERNET CONNECTION

Here are the web addresses you'll probably visit most often. Please visit these sites for more Treasury Securities information!

Web Address:	What's There
www.treasurydirect.gov Click "Individuals" for links to . . .	<ul style="list-style-type: none"> • Legacy Treasury Direct and TreasuryDirect • Paperless I/EE Bond page • Savings Bond pages • Electronic Services for Treasury Bills, Notes, and Bonds
www.treasurydirect.gov/indiv/myaccount/myaccount_legacytd.htm	Legacy Treasury Direct
www.treasurydirect.gov/indiv/myaccount/myaccount_treasurydirect.htm	TreasuryDirect
www.treasurydirect.gov/indiv/myaccount/sectdes.htm	Electronic Services for Treasury Bills, Notes, and Bonds (for existing Legacy Treasury Direct customers)
www.treasury.gov/resource-center/data-chart-center/quarterly-refunding/documents/auctions.pdf	Tentative Auction Schedule
www.treasurydirect.gov/NC/FoRMSHome?FormType=TDF&site=indiv	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)

