

Title:
Savings Bonds

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Summary:

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Article Body:

Savings bonds are a great way to save money for your future. Either purchased yourself, or given as a gift. Although you may already know a little about savings bonds, either owning them yourself or having them given to you. I Bonds are saving bonds that are low-risk and also a liquid savings product. During the time you own them, I Bonds can be purchased at just about any local financial institution, or also through payroll deductions. What are they used for? I Bonds savings bonds can be used to finance education, supplement your retirement income. With I Bonds, you are guaranteed a real rate of return since they are an accrual-type security. They are sold at face value. For instance, you pay \$50 for a \$50 I Bond. You must own an I Bond for a minimum of one year, its interest-earning period is 30 years, and interest is paid quarterly. Another type is the EE savings bonds. They are safe and low-risk savings bonds that pay interest semi-annually. EE Bonds can be used to finance education, supplement your retirement income, or even given as a gift. Any EE/E savings bond that were purchased between May 1997 and April 30, 2005 are set to earn a fixed rate of interest. EE savings bonds are also an accrual-type security, having interest added monthly and paid when the bond matures. There is a minimum of one year ownership, a 30-year interest period, and also early redemption penalties. Lastly are HH savings bonds. Unlike both I and EE savings bonds, HH are used only to supplement retirement income. As with I Bonds, HH savings bonds are sold for its face value. For example, you pay \$500 for a \$500 HH bond. You must own HH savings bonds for a minimum of 6 months, and the interest-earning period is 20 years. Interest earnings for HH savings bonds are exempt from State and local income taxes. However, they are subject to Federal income taxes.