

 Fact Sheet

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

[www.IRS.gov/newsroom](http://www.IRS.gov/newsroom)

Public Contact: 800.829.1040

## Expanded Options for Using Tax Refunds to Buy Savings Bonds

Video: *Savings Bonds*: [English](#) [ASL](#)

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The IRS continues to help individuals use their tax refunds to build savings and retirement funds. This tax filing season, those receiving tax refunds can buy savings bonds for themselves and up to two other individuals.

For 2010 tax returns, new savings bond options are now available. Last year, if the taxpayer chose to receive a savings bond as part of the refund, it could only be issued in the taxpayers' name. This year, taxpayers can designate anyone to receive a savings bond and also designate the co-owner or beneficiary. Also a new section, part II, was added to [Form 8888](#) for entering savings bond information so that taxpayers no longer need to enter a pre-specified routing number. Instead, taxpayers will enter the bond owner's name. The savings bonds will be mailed to the taxpayer or the person designated on the form.

Taxpayers who claim a tax refund on Form 1040 can use Form 8888, Allocation of Refund (Including Savings Bond Purchases) to split their refunds. Refunds can be directed into bank accounts and other financial institutions where their mutual funds or retirement accounts are managed and to purchase U.S. Series I Savings Bonds. Taxpayers can choose to use a portion of the refund to buy up to \$5,000 in low-risk savings bonds, which earn interest and protect owners against inflation. The bonds must be purchased in \$50 increments. Direct deposit of any remaining refund amounts is no longer required. Paper checks can be requested for the balance.

The savings bonds purchased through the refund program are U.S. Series I Savings Bonds. Their composite interest rate consists of a fixed rate and an inflation-based rate, adjusted every six months, on May 1 and November 1.

During 2010, more than 99,000 bonds were purchased on Form 8888, totaling more than \$11 million dollars. To check the status of a bond purchase request, go to the "[Where's My Refund](#)" section of IRS website, [www.irs.gov](http://www.irs.gov) or call 1-800-829-1954. If the IRS has already processed the refund and placed the request for the bond, then the tax filer should contact the Treasury Retail Securities at 1-800-245-2804.