Starting in January 2010, you have a unique opportunity to buy Series I U.S. Savings Bonds with a portion or all of your tax refund. Savings bonds are a great way to start or increase your overall savings.

**What are U.S. Series I Savings Bonds?**
Issued by the Department of the Treasury, Series I bonds are low-risk bonds that grow in value for up to 30 years. While you own them, they earn interest and protect you from inflation.

**How do I buy savings bonds with my tax refund?**
It’s simple and easy to buy savings bonds with your tax refund. Just tell your tax preparer you want to buy savings bonds with all or part of your refund. If you prepare your own return, file Form 8888, Direct Deposit of Refund to More Than One Account. The instructions explain what you need to do, but make sure you:

- Use this routing number: 043736881
- Check the Savings box and
- Enter the following letters as the account number: BONDS

Purchasing bonds with your tax refund must be done in increments of $50. In any single calendar year, you can purchase up to $5,000 of I bonds under this program. If you don’t buy I bonds with 100 percent of your refund, you will need to have another account in which to deposit the remaining amount of your refund. For example, if your refund is $280, you can direct $250 to I bonds and the $30 balance to your savings account.

**What happens after I submit my tax return?**
When you purchase savings bonds with your tax refund, you will receive paper bonds, issued in your name and mailed to the address on your tax return. If you are married and filed a joint return, the bonds will be issued in your name and your spouse’s name. You cannot designate a beneficiary under this option. It could take up to three weeks for your savings bonds to be issued. Generally, you will receive the bonds after you receive the remainder of your tax refund.

To check the status of your bond purchase request, go to Where’s My Refund? on the IRS Web site, www.irs.gov, or call 800-829-1954. If by doing this you determine that the IRS has processed the refund and placed the request for the bond, you should contact the Treasury Retail Securities Site at 800-245-2804 for the status.

**More about savings bonds?**
Series I bonds pay interest based on a combination of a fixed rate (currently .30 percent), which remains the same throughout the life of the Savings Bond, plus a semiannual inflation rate — currently 3.06 percent — which is updated each May and November.

The interest earned by purchasing and holding savings bonds is subject to federal tax at the time the bonds are redeemed. However, interest earned on savings bonds is not taxable at the state or local level.