



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

April 08, 2011

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CC:ITA:B04  
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Dear \_\_\_\_\_ :

I am responding to your letter to the Internal Revenue Service, which was postmarked on January 11, 2011. You stated in your letter that you and your children are co-owners of Series I bonds that you would like to transfer to a family trust. You stated that you and your wife would be the trustees of this trust and that the trust property would be "evenly distributed to [your] children in case of death." You posed two questions:

1. Whether you can transfer ownership of the Series I bonds from the current co-owners to your family trust by submitting PDF 1851 E.
2. Whether a tax will be payable on the bonds "when the trust becomes settled."

Regarding the question about when tax becomes payable on the bonds, we refer you to IRS Publication 550, *Investment Income and Expenses*, especially the first column on page 9, which we are enclosing. Your other question pertaining to bond transfers and reissuance is outside the purview of the Internal Revenue Service. You may wish to contact the Bureau of the Public Debt, which administers all matters pertaining to the public debt of the United States.

If you have any additional questions, please call me or \_\_\_\_\_ at \_\_\_\_\_

Sincerely,

Michael J. Montemurro  
Branch Chief  
Office of Associate Chief Counsel  
(Income Tax & Accounting)

Enclosures (2)