

STATEMENT

PAYMENT OF FEES FOR UNITED STATES SAVINGS BONDS

PART I - GENERAL INFORMATION

ORGANIZATIONS ELIGIBLE TO RECEIVE FEES: Eligible organizations, other than Federal agencies, qualified as issuing agents by Federal Reserve Banks and Branches under the provision of Department of the Treasury Circular, Public Debt Series No. 4-67, as revised (31 CFR Part 317), are eligible to receive fees. Such fees are specifically authorized in 31 CFR Part 317.6(b). Federal agencies, including wholly-owned government corporations and independent establishments, are not eligible to receive fees. Categories of organizations and institutions eligible to seek qualification as issuing agents in accordance with 31 CFR Part 317.3 are identified in 31 CFR Part 317.2. These categories include banks, trust companies, certain savings institutions, Federal credit unions in good standing, employers operating certain payroll savings plans for their employees, and other organizations specifically and individually authorized by the Commissioner of the Public Debt.

SAVINGS BONDS ELIGIBLE FOR FEES: Savings bonds eligible for fees are Series EE and I bonds.

LIMITATION: Financial institutions that accept fees from the Department of the Treasury shall not make any charge to customers for the same service. Customers in this context include employers that provide a payroll savings plan for employees and have arranged for a financial institution to issue the bonds. Individuals who purchase savings bonds cannot be charged a fee either by the issuing agent or the employer.

FEE PAYMENTS: Fees will be paid no more than 45 days from the end of a transaction month either by a credit to an account with a Federal Reserve Office or by the automated clearing house (ACH) method. Once an account is established for deposit of fee payments via ACH, the processing Federal Reserve Bank should be notified of any subsequent change in deposit account information. Fees will not be paid by check.

PART II - FEES FOR PAYROLL SALES

CALCULATION OF PAYROLL FEES: Payroll fees will be calculated and paid separately for each series (EE and I). Payroll fee calculations will be based on the number of individual bond issue records transmitted by an issuing agent to the Pittsburgh Branch, Federal Reserve Bank of Cleveland (hereinafter referred to as the Pittsburgh Branch) and classified by the Bureau of the Public Debt during a transaction month according to transaction days assigned the transmittals by the Pittsburgh Branch. Payroll fees will be paid on the following scale:

1. The first 500 bonds issued in a transaction month.....\$.32
2. The next 3,000 bonds issued in a transaction month.....\$.11
3. All bonds over 3,500 issued in a transaction month.....\$.06

Payroll fees will be calculated by the Pittsburgh Branch as of the close of each transaction month. Payment will be made by a credit to a reserve account or the ACH method within forty-five (45) days after the transaction month. For each monthly payment, a statement will be sent to each payment recipient that will show the number of bond issue records submitted during the transaction month by series, a breakdown of the payment by pieces, fee-scale category, and the total amount paid. Part I contains information about the method of payment and the consolidation of fee payments.

COVERAGE OF PAYROLL FEES: In establishing and paying a fee for savings bonds issued via payroll plans, the Department of the Treasury is recompensing issuing agents for cost associated with obtaining and controlling bond stock and inscribing and delivering bonds. The fee does not include the cost of postage for bonds mailed in envelopes provided by a Federal Reserve Bank. The amount of the fee is generally based on alternative costs to the Department for obtaining or providing this issuing service.

TRANSMITTAL OF ISSUE INFORMATION: To ensure proper and timely payment of payroll fees and to avoid the assessment of interest on late remittances of sales proceeds, an issuing agent must observe proper procedures for transmitting sales proceeds and bond issue records. Payroll sales proceeds shall be remitted to the Pittsburgh Branch under cover of PD F 4848 throughout the issue month as soon as the funds become available; all sales proceeds for the issue month (the issue date shown on the bonds) shall be remitted no later than the second business day of the month following the issue month. All issue records must be reported in an electronically processable format and submitted to the Pittsburgh Branch under cover of PD F 3252 PR within thirty (30) days of the issue month. Supplies of PD F 3252 and PD F 4848 may be obtained from the Pittsburgh Branch.

EFFECTIVE DATE: The payroll fee schedule is effective for all issues transferred to the Pittsburgh Branch and assigned a transaction date on or after September 1, 1998.

INQUIRIES CONCERNING PAYROLL FEES: Payroll fee-related inquiries should be directed to:

Pittsburgh Branch
Federal Reserve Bank of Cleveland
717 Grant Street (P.O. Box 867)
Pittsburgh, PA 15230
Phone: (412) 261-7986

PART III - FEES FOR OVER-THE-COUNTER SALES

CALCULATION OF OVER-THE-COUNTER FEES: Fees for bonds sold over the counter fall into three classes and are dependent on the method by which an issuing agent transmits purchase information to a Federal Reserve Bank.

CLASS 1 OVER-THE-COUNTER FEES: Class 1 fees apply to an issuing agent that is authorized under a special arrangement to inscribe bonds sold over the counter and report sales in an electronically processable format. Class 1 fees will be paid at the rate of **\$.85 for each bond issue record** reported to the Bureau of the Public Debt via the Pittsburgh Branch during a transaction month, based on the transaction dates assigned to transmittals by the Pittsburgh Branch. The fees due a Class 1 issuing agent will be calculated by the Pittsburgh Branch at the close of the transaction month, and payment will be made by a credit to a reserve account or the ACH method within forty-five (45) days after the close of the transaction month. A statement will be sent to the issuing agent identifying the nature of the payment, i.e., the number of issue records and the total amount paid.

CLASS 2 OVER-THE-COUNTER FEES: Class 2 fees apply to an issuing agent that has been authorized to participate in the Regional Delivery System and forwards paper purchase orders to a designated Federal Reserve Bank. Class 2 fees will be paid at the rate of **\$.50 for each RDS purchase order** received by the Reserve Bank during a calendar month. The fees due each Class 2 issuing agent will be calculated by the Federal Reserve Bank as of the close of each calendar month. Payment will be made by the Reserve Bank within forty-five (45) days after the close of the month via a credit to the financial institution's reserve account for fees due each of its separately qualified branches; if the financial institution does not have an account with the Reserve Bank, payment will be credited to the account of a correspondent institution.

CLASS 3 OVER-THE-COUNTER FEES: Class 3 fees apply to an issuing agent that has been authorized to participate in the Regional Delivery System and elects to prepare electronic records of purchase-order information for transmittal to a Federal Reserve Bank for inscription of the bonds. Class 3 fees will be paid at the rate of **\$.85 for each RDS purchase-order record** received by the Reserve Bank during a calendar month. The fees due each Class 3 issuing agent will be calculated by the Reserve Bank as of the close of each calendar month. Payment will be made by the Reserve Bank within forty-five (45) days after the close of the month via a credit to the financial institution's reserve account for fees due each of its separately qualified branches; if the financial institution does not have an account with the Reserve Bank, payment will be credited to the account of a correspondent institution.

COVERAGE OF OVER-THE-COUNTER FEES: Class 1 fees are intended to recompense issuing agents that accept and review purchase orders from customers and are authorized to inscribe bonds sold over the counter for costs associated with obtaining and controlling unissued bond stock and inscribing and delivering bonds. It does not include the cost of postage for bonds mailed in envelopes provided by a Federal Reserve Bank. Class 2 fees are intended to recompense authorized RDS participants for costs associated with accepting and reviewing purchase orders from customers and forwarding them to a Federal Reserve Bank. Class 3 fees are intended to recompense authorized RDS participants for costs associated with accepting and reviewing purchase orders from customers, preparing electronic records of purchase orders, and transmitting such information to a Reserve Bank.

FEES TO ORGANIZATIONS SPECIFICALLY AND INDIVIDUALLY AUTHORIZED BY THE COMMISSIONER OF THE PUBLIC DEBT TO SERVE AS ISSUING AGENTS: The Commissioner of the Public Debt will determine rate(s) at which fees will be paid to such agents.

TRANSMITTAL OF ISSUE INFORMATION: To ensure proper and timely payment of over-the-counter fees and to avoid assessment of interest on late remittances of sales proceeds, an issuing agent must observe proper procedures for remitting sales proceeds and bond issue records or purchase-order information. A Class 1 issuing agent shall remit over-the-counter sales proceeds and issue records under cover of PD F 3252 OC to the Pittsburgh Branch on a weekly basis, in accordance with instructions. Class 2 and Class 3 issuing agents shall remit sales proceeds and purchase orders, on paper or in an electronically processable format, under cover of PD F 5255 RDS to be received by a Federal Reserve Bank within five (5) business days of the date of receipt from the customer. For example, all purchase orders and funds received on a Monday must be received by the Reserve Bank no later than the following Monday. Supplies of PD F 3252 OC and PD F 5255 RDS may be obtained from Reserve Banks.

EFFECTIVE DATE: The Class 1 fee schedule is effective for all issue records reported to the Pittsburgh Branch and assigned a transaction date on or after September 1, 1998. The Class 2 and Class 3 fee schedules are effective for all RDS purchase orders received by a Federal Reserve Bank on or after October 1, 1989.

INQUIRIES CONCERNING OVER-THE-COUNTER FEES: Inquiries concerning Class 2 and Class 3 fee payments should be directed to the Federal Reserve Bank that made the payment. Inquiries regarding Class 1 fee payments should be directed to:

Pittsburgh Branch
Federal Reserve Bank of Cleveland
717 Grant Street (P.O. Box 867)
Pittsburgh, PA 15230
Phone: (412) 261-7986