

# Savings Bond Working Group

**BY OVERNIGHT MAIL**

April 7, 2010

Hon. Douglas Shulman  
Commissioner, Internal Revenue Service  
1111 Constitution Avenue, NW  
Washington, DC 20224

RE: U.S. Savings Bonds Tax Time Purchase Option – Plans for Tax Season 2011

Dear Commissioner Shulman,

The Savings Bond Working Group commends the IRS for its timely implementation of the Administration's new U.S. Savings Bond purchase policy for tax season 2010. As you know, the IRS's quick action on this new policy has already helped thousands of tax filers save a portion of their refunds and work toward a more financially secure future. Thank you for your leadership on this critical issue.

With this first phase of the policy successfully in place, we are eager to learn more about the IRS's plan for 2011 to allow tax filers to purchase bonds in their own name *and* that of a family member, especially children and grandchildren, as announced by the Administration in September 2009. Key findings of a multi-year study conducted at VITA sites across the country, with the support of Treasury, indicate such a "co-ownership option" is vital to allow the new tax time bond policy to help increase the savings of working Americans:

- **The majority of lower-income tax filers who order savings bonds wish to purchase bonds that also name other family members, especially children and grandchildren.** Over three years of pilot work, a remarkable 72% to 84% of bonds were purchased with co-owners.
- **These tax filers typically invest in bonds for the education and financial security of their dependents.** In surveys conducted in 2008 and 2009, more than 50% of bond buyers said that they were saving for the education and future of their children and grandchildren.
- **Tax filers save more when purchasing savings bonds with co-owners.** Bond buyers on average spent \$135 when purchasing a bond for themselves and \$258 when purchasing a bond with co-owners. The chance to name a family member, in addition to themselves, appears to motivate working parents to save more – on average, 91% more.

***The Bottom Line: Co-ownership as a savings bond purchase option during tax time is crucial in building long-term savings among working Americans.***

The Savings Bond Working Group believes that savings bonds have a unique role to play in helping working Americans save for their futures, and those of their children. The Group is eager to know when the co-ownership option will be announced and the form(s) released so stakeholders in the tax preparation field can

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begin planning for 2011. We would appreciate any information your office can provide us about the timeline for and details of implementation, and are ready to assist in the rollout and execution of this second phase.

We look forward to seeing the tax time savings bond purchase policy reach its full potential for working Americans, and greatly appreciate your attention to the matter. We respectfully ask to hear from the Service regarding its plan for tax season 2011 by May 1<sup>st</sup>, so we are able to help build awareness of this new savings option ahead of next tax season. John Russell, Executive Director of the Denver Asset Building Coalition has agreed to serve as the contact person for the Savings Bond Working Group; he can be reached at (720) 273-5520 or [john@denverabc.org](mailto:john@denverabc.org). In addition, Fred Goldberg ((202) 371-7110) serves as pro bono tax counsel to the Group, and has offered to help answer legal questions related to implementing the co-ownership purchase option.

Sincerely,



Andrea Levere  
President, CFED



Carl Zapora  
CEO & President, United Way of Snohomish County



Courtney Noble  
Manager of Basic Needs Programs, United Way of King County



Carol L. Davis  
Financial Service Director, Nehemiah Gateway Community Development Corporation

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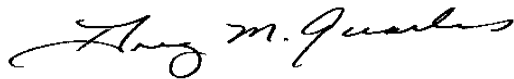
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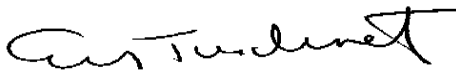
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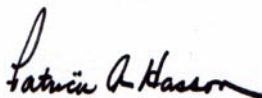
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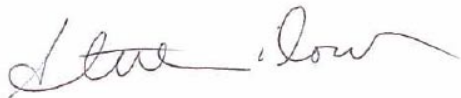
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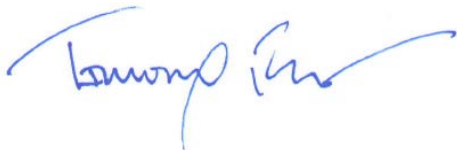
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