YOUR SAVINGS BONDS NEST EGG

By SYLVIA PORTER

THE TREASURY is now in the midst of its most aggressive, hard-hitting drive in 15 years to coax you into starting to buy or increasing your buying of its old, familiar U. S. Savings Bond.

With interest rates across the board way down from their historic mid-1970 peaks, but with the interest rate on Savings Bonds sticking at an all-time high, the Treasury has a fighting chance to reach its ambitious though attainable goals for 1971.

And with the 5½-percent return to maturity you can earn on the Bond now comparatively fair, you again can consider whether the Bond's other advantages warrant an investment of at least part of your nest egg in this absolutely safe savings security.

The success of this little nonmarketable Bond is truly astounding, and its staying power is even more so—for on May 1st of this year, the "E" Bond will be 30 years old. In this span, the Bond has taught a whole generation the discipline of regular savings. In this period, Americans have voluntarily purchased vast numbers of the Bonds worth $182 billion. In these years, the Treasury has built up a "staff" of 40,000 corporations and 30,000 financial institutions to market the Bonds as a public service.

Even more specifically, despite the fact that the return you could earn on the Bond fell abysmally out of line during the 1967-70 upsurge in interest rates, the small saver held on. The turnover rate since 1945 has averaged a mere 11.20 percent annually, less than half that of any other savings medium. A record $52 billion of the Bonds are now outstanding, representing 23 percent of the privately held portion of the public debt.

A fantastic 10,000,000 regularly buy the Bonds through Payroll Savings Plans. Therefore, the Treasury's goal of signing up 2,200,000 employees as new or bigger savers in '71 is not unreasonable.

How then, should you respond to the Treasury's campaign?

The central, even overwhelming, advantage of these Bonds is that you can buy them via periodic, small deductions from your paycheck. The saving is painless, automatic, done before you even touch your pay. This discipline is the secret of creating a nest egg. And even if 5½ percent over almost six years turns out low, 5½ percent on something is a lot better than twice 5½ on nothing. Here's how the Savings Bond rate compares to maximum rates on similar forms of savings—

- 6 percent on two-year deposits in savings banks and savings associations;
- 5 percent on passbook accounts in savings institutions;
- 4.5 percent on regular savings accounts in commercial banks;
- 5.5 percent on one to two-year deposits in commercial banks;
- 5.75 percent on two-year deposits in commercial banks;
- 5.5 percent on Series E Savings Bonds you hold to maturity in 5 years, 10 months.

Other advantages of Savings Bonds are: You can defer paying any Federal income tax on the Bonds until you redeem them—a real plus if you'll be retired and in a lower tax bracket when you cash in. The Bonds are exempt from state and local income and personal property taxes, too. They are free from probate proceedings. And the Treasury will replace any Bond lost, stolen, or destroyed as of your original issue date.

This is the first time in years I've been able to write about U. S. Savings Bonds in a favorable way. But 5½ percent is worth considering today, particularly if you earn it on a nest egg built up for you via automatic payroll deductions, and you realize you wouldn't even have the nest egg otherwise.

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Take stock in America.

With higher paying U.S. Savings Bonds.