

# GAO Highlights

Highlights of [GAO-15-563](#), a report to congressional requesters

## Why GAO Did This Study

U.S. savings bonds provide Americans with an affordable way to save. In 2012, Treasury stopped selling paper savings bonds at banks as part of its broader electronic initiative. As a result, savings bonds generally must be purchased through TreasuryDirect®. The one exception is the Tax Time Savings Bond program, established in 2010 to enable taxpayers to use their tax refund to buy paper savings bonds. The program is one way for lower-income families to save.

You requested that GAO examine Treasury's savings bond program, including the accessibility of TreasuryDirect, and other savings programs. This report examines (1) the effect of Treasury's elimination of paper U.S. savings bonds on the program and bond purchases, (2) the extent to which the Tax Time Savings Bond program has promoted savings by lower-income households and Treasury's future plans for the program, and (3) the extent to which lower-income households are saving and programs developed by federal agencies and others. GAO reviewed agency rules and other documents; analyzed Treasury, Internal Revenue Service, and other data, in part using economic models; and interviewed federal, state, and nonprofit entities and experts involved in savings programs.

## What GAO Recommends

GAO recommends that as Treasury implements the TRIM system, it consider the benefits and costs of the Tax Time program in future decisions on whether to extend the program. Treasury agreed with GAO's recommendation.

View [GAO-15-563](#). For more information, contact Cindy Brown Barnes at (202) 512-8678 or [brownbarnesc@gao.gov](mailto:brownbarnesc@gao.gov).

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## U.S. SAVINGS BONDS

### Future of Offering Paper Savings Bonds at Tax Time Is Uncertain, and Lower-Income Households Continue to Face Savings Challenges

## What GAO Found

The Department of the Treasury's (Treasury) elimination of paper savings bonds made buying bonds more difficult for some customers, but GAO's analyses generally indicated that the decline in bond purchases after the change was not statistically significant. Treasury eliminated paper savings bonds in January 2012, after a long-term decline in savings bond purchases. It estimated the change would save about \$70 million in program costs from 2012 through 2016. Except for the Tax Time Savings Bond program, customers who want to buy savings bonds must use TreasuryDirect—an online system that requires users to have Internet access and a bank account. Customers without both, which likely includes lower-income households, face challenges accessing TreasuryDirect. Treasury is in the early stages of developing a new system, the Treasury Retail Investment Manager (TRIM), to make it easier to buy savings bonds, such as by using a mobile device, which often is the primary means of accessing the Internet for many lower-income households.

A little more than one-third of the users of Treasury's Tax Time Savings Bond program—the only way to purchase paper bonds—were lower-income tax filers (filers with an adjusted gross income of \$25,000 or less), but the program's future is uncertain. Since 2010, tax filers have been able to use a tax form to buy paper savings bonds with their tax refund. For tax years 2010 through 2013, about 142,000 tax filers (less than 1 percent of tax filers receiving refunds) used at least part of their tax refund to buy nearly \$72.5 million in savings bonds. Of these filers, about 55,000 had incomes of \$25,000 or less and bought about \$13.7 million in savings bonds, or about \$250, on average, per filer each year. Treasury has been extending the program partly because the amount of bonds purchased and participation levels indicate that the program is providing benefits, but it generally has not considered the program's costs. In May 2015, Treasury officials told GAO that they plan to continue to extend the program until TRIM can provide a suitable electronic alternative. Because TRIM will require Internet access by computer or mobile device, Tax Time program users without such access may no longer be able to save by buying bonds with their refunds after TRIM is implemented. In prior work on agency stewardship of public funds, GAO reported that agencies, as a best practice, should consider both benefits and costs in considering alternatives related to program decisions. Without considering both, Treasury cannot make a fully informed decision on whether to discontinue the Tax Time program when an electronic alternative is available.

On the basis of GAO's analysis of data from the most recent Survey of Consumer Finances conducted in 2013, the median value of financial assets held by the bottom fifth of income earners (whose median annual income was \$14,200) was \$550. Given the limited savings of lower-income households and savings challenges faced by such households, a number of federal agencies have developed programs to promote savings. For example, Treasury's *myRA*®, which is in a soft-launch phase, promotes retirement savings for individuals without access to employer-sponsored retirement plans. State, local, and nonprofit agencies also have initiated programs that promote savings for retirement, child development, or emergencies and generally target lower-income households. Eligibility requirements and participation vary by program.