

Attractive Yields in I Bonds

May 16, 2022

Introduced in 1998 the Treasury began issuing inflation-protected savings bonds, or I Bonds, as a way to shield savings against inflation. I Bonds pay a variable rate, adjusted at the beginning of May and November, that reflects the change in the Labor Department consumer price index.

Currently, inflation is 8.5% higher over last year's level. I Bond rates were just reset in May to 9.62% for the next six months. The rate will be set again in November.

Your principal has the full backing of the U.S. Government, and the interest is exempt from state and local taxes. You can defer federal income taxes until you cash in your I Bonds or when they mature in 30 years.

There are few shortcomings:

- You must hold I bonds for a minimum of one year.
- If you sell before five years you will forfeit three months of interest.
- The annual limit is \$10,000 per person annually.

You can only buy them from the U.S. Government through its website at www.TreasuryDirect.gov

Although the rate is adjusted semi-annually and will be lower as inflation subsides, I Bonds are a great way to make your cash savings work harder.

If you have any questions, we can be reached by phone at 216-539-8444 or by email.

Best Regards,

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