The following hypothetical example illustrates how this formula is applied:

Example, assume a hypothetical savings bonds rate of 5.00% effective May 1, 2002, for a bond denominated at $25, with an issue date of September 1, 1997 and a redemption value of $16.00 as of September 1, 2002. The February 1, 2003, redemption value is calculated as follows:

1. The savings bonds rate of 5.00% converted to a decimal would be 0.05.
2. The number of months, \(m\), is 5 since 5 full calendar months (September through January) have lapsed since the beginning of the rate period. PV is then the result of the formula:

\[
FV = PV \times \left\{1 + \left(\frac{i}{2}\right)\right\}^{(m/6)}
\]

where

- \(FV\) = redemption value on redemption date rounded to the nearest cent.
- \(PV\) = redemption value at the beginning of the semiannual rate period
- \(i\) = savings bonds rate converted to decimal form by dividing by 100.
- \(m\) = number of full calendar months outstanding during the semiannual rate period.

Using the example, the \(FV\) of a savings bond with a $50 or larger denomination can be determined by applying the appropriate multiple, for example: $16.33 \times ($50.00/$25.00) for a bond with a $50.00 face amount; or $16.33 \times ($100.00/$25.00) for a bond with a $100.00 face amount.

During an extended maturity period the bond will be subject to the terms and conditions in effect when it is issued and will continue to earn interest as described in §351.30, unless the terms and conditions applicable to an extended maturity period are expressly amended prior to the beginning of such period.

SERIES EE SAVINGS BONDS WITH ISSUE DATES OF MAY 1, 2005, OR THEREAFTER

§ 351.34 What are the maturity periods of Series EE bonds with issue dates of May 1, 2005, or thereafter?

(a) Original maturity. Bonds reach original maturity at 20 years after the issue date.

(b) Final maturity. Bonds reach final maturity at 30 years after the issue date. Bonds cease to earn interest at final maturity.

[70 FR 17288, Apr. 9, 2005]

§ 351.35 What do I need to know about interest rates, penalties, and redemption values for Series EE bonds with issue dates of May 1, 2005, or thereafter?

(a) Fixed rate or fixed rate of interest. Fixed rate or fixed rate of interest means the rate of interest for a Series EE savings bond with an issue date of May 1, 2005, or thereafter, established by the Secretary or the Secretary’s designee.

(b) Determination of fixed rate of interest. (1) The Secretary or the Secretary’s designee determines the fixed rate of interest, which is established for the life of the bond, including the extended maturity period, unless, prior to the beginning of such maturity period, the Secretary either announces a