§ 359.13 What are composite rates?
Composite rates are single, annual interest rates that reflect the combined effects of the fixed rate and the semiannual inflation rate. The composite rate will always be greater than or equal to 0.00%.

§ 359.14 How are composite rates determined?
Composite rates are set according to the following formula (See appendix A to part 359 for examples of calculations involving composite interest rates.):

\[
\text{Composite rate} = (\frac{\text{Fixed rate}}{2} + \text{Semiannual inflation rate} + (\text{Semiannual inflation rate} \times (\frac{\text{Fixed rate}}{2}))) \times 2. \quad \text{
}\]

§ 359.15 When is the composite rate applied to Series I savings bonds?
The most recently announced composite rate applies to a bond during its next semiannual rate period. A bond’s semiannual rate periods are consecutive six-month periods, the first of which begins with the bond’s issue date. This means that there can be a delay of several months from the time of a composite rate announcement to the time that rate determines interest earnings for a bond. For example, if you purchased a bond in April, its semiannual rate periods begin every April and October. At the beginning of the semiannual rate period in April, the most recently announced composite rate would have been the rate we announced the previous November. This rate will determine interest earnings for your bond for the next six months, through the end of September.