§ 359.16 When does interest accrue on Series I savings bonds?
(a) Interest, if any, accrues on the first day of each month; that is, we add the interest earned on a bond during any given month to its value at the beginning of the following month.
(b) The accrued interest compounds semiannually.

§ 359.17 When is interest payable on Series I savings bonds?
Interest earnings are payable upon redemption.

§ 359.18 Is the determination of the Secretary on rates and values final?
The Secretary’s determination of fixed rates of return, semiannual inflation rates, composite rates, and savings bonds redemption values is final and conclusive.

§ 359.19 How is interest calculated?
We base all calculations of interest on a $25 unit. We use the value of this unit to determine the value of bonds in higher denominations. The effect of rounding off the value of the $25 unit increases at higher denominations. This can work to your slight advantage or disadvantage, depending on whether we round the value up or down.³

³For example: A composite rate of 2.57% will result in a newly purchased $25 unit increasing in value after six months to $25.32, when rounded to the nearest cent. Thus, a $5,000 bond purchased at the same time as the $25 unit will be worth $5,064 after six months ($5,000 divided by $25 x $25.32 = $5,064.) In contrast, if it applied directly to a $5,000 bond, the rate would render a value of $5,064.25 after six months, a difference of 25 cents. (This example does not include any discussion of the three-month interest penalty that applies if you redeem a bond less than five years after its issue date.)