To: Human Resources Directors
Payroll Managers
Benefits Representatives

From: Evelyn Nazario
Assistant Vice Chancellor
Human Resources Management

Subject: Elimination of the Employer-Sponsored U.S. Savings Bond Purchase Program

On November 12, 2010, the State Controller’s Office (SCO) released Payroll Letter #10-018, which announced the elimination of the employer-sponsored U.S. Savings Bond Purchase Program. Effective January 1, 2011, the U.S. Department of the Treasury will no longer allow employees to purchase paper savings bonds through payroll deduction.

As a result of this change, the final U.S. Savings Bond payroll deductions will be withheld from the December 2010 pay warrants (November 2010 pay period). In December 2010, the SCO will terminate all U.S. Savings Bond payroll deductions, and refund all remaining funds in the employee’s U.S. Savings Bond escrow accounts. All refunds will be issued by March 2011. Please be advised that the SCO has already determined which employees will be impacted by this change, and has sent each of them a letter notifying them of the change. The SCO is in the process of revising the Payroll Procedure Manual and the SCO U.S. Savings Bond website.
New TreasuryDirect® System for Purchasing Electronic Savings Bonds
While paper bonds will no longer be available for purchase through payroll deductions, employees have the option of purchasing electronic (paperless) savings bonds directly through the U.S. Department of the Treasury, via the TreasuryDirect® system. TreasuryDirect® is a free web-based system that allows participants to establish accounts to purchase, hold, and conduct transactions in Treasury securities online. Participants can purchase electronic Series EE and I savings bonds, as well as Treasury bills, notes, bonds, and Treasury-Protected Securities (TIPS) through this system. For additional information about TreasuryDirect® please visit their website at www.treasurydirect.gov.

MyCalPAYS
Upon the implementation of MyCalPAYS, the state’s new payroll system, employees will be able to purchase U.S. Savings Bonds via payroll deduction. At this time, CSU does not have an established timeline for the rollout of this new system, so all employees are encouraged to purchase U.S. Savings Bonds directly through the TreasuryDirect website.

Common Management Systems (CMS) Processing Instructions
This technical letter has no impact on the CMS Baseline.

Campus Action Required
Please notify all employees at your campus in regards to the elimination of this program. For your convenience, Human Resources Management has drafted a sample e-mail communication for you to distribute. In addition, please make sure to update your campus Human Resources/Benefits website regarding the elimination of this program.

Questions regarding this Technical Letter may be directed to Human Resources Management at (562) 951-4411. This Technical Letter is also available on the Human Resources Management Web site at: http://www.calstate.edu/HRAdm/memos.shtml.

EN/dg
Dear Employee,

Effective January 1, 2011, the U.S. Department of the Treasury will no longer allow employees to purchase paper savings bonds through payroll deduction. If you are participating in this program, your final U.S. Savings Bond payroll deduction will be withheld from your December 2010 pay warrant (November 2010 pay period). Any funds remaining in your U.S. Savings Bond escrow account will be refunded to you by March 2011.

While paper bonds will no longer be available for purchase through payroll deductions, employees have the option of purchasing electronic (paperless) savings bonds directly through the U.S. Department of the Treasury, via the TreasuryDirect® system. TreasuryDirect® is a free web-based system that allows participants to establish accounts to purchase, hold, and conduct transactions in Treasury securities online. Participants can purchase electronic Series EE and I savings bonds, as well as Treasury bills, notes, bonds, and Treasury-Protected Securities (TIPS) through this system. For additional information about TreasuryDirect® please visit their website at www.treasurydirect.gov.

If you have any questions regarding this program change, feel free to contact Human Resources at xxx-xxx-xxxx.

Sincerely,

Campus Benefit Officer