

This inflation-proof bond is paying 9.62%. Here's how to buy it.

A step-by-step guide to buying inflation-indexed I series government savings bonds

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The government's inflation-protection savings bond right now is like a Birkin bag — highly coveted.

With the [stock market crashing](#) and [inflation rising](#), people are desperately looking for a place to park their extra cash.

Paying 9.62 percent, the relatively unknown inflation-proof Series I savings bond has become a hit with \$17.5 billion sold in the six months ending in May, according to the Treasury Department.

That's compared with \$364 million in I bond sales in all of 2020.

If you've got money sitting around earning a little more than 1 percent, if that much, I bonds are an attractive deal.

Several callers to ASK-POST (855-275-7678), my toll-free line, have been asking about I bonds.

There are a couple of things you should know before buying an I bond.

— You have to set up an account at [TreasuryDirect.gov](#) to buy the bonds.

— The interest rate on new Series I savings bonds is 9.62 percent through October 2022.

— Individuals can only purchase up to \$10,000 in electronic I bonds each calendar year. If your purchase exceeds that limit, it can take up to 16 weeks for Treasury to process a refund. (You can also buy up to \$5,000 in paper I bonds using your federal income tax refund).

— You pay the face value of the bond. For example, you pay \$25 for a \$25 bond.

— You can't cash the I bond for at least one year. If you cash the bond before five years, you lose the previous three months of interest.

— You have to pay federal income taxes on the interest.

Now, here's a step-by-step guide to purchasing I bonds, which starts with setting up an account at [TreasuryDirect.gov](#).

1. Pack your patience. Seriously. The website says the account setup takes 10 minutes. Maybe for some people if everything goes right. It didn't for me and my husband. It took me 20 minutes to get through the initial setup, and in the end, I couldn't set up an account online (More on that later.) It took my husband about 30 minutes with a snafu on his part. If there is an issue or you make a mistake, the process to fix it is frustrating and archaic.

And last month so many people rushed to [TreasuryDirect](#) to purchase the government savings bond that the website [crashed](#).

2. Go to [TreasuryDirect.gov](https://www.treasurydirect.gov). Under “Account Login” click the link to open an account. If you’re not sure about how to navigate the process, take the guided tour. I also recommend you watch the video on how to set up an account. Lots of readers have said they’ve had issues with setting up their account and now are having trouble reaching a live person to help them figure out what went wrong.

3. To set up an account, you’ll need a taxpayer identification number, such as your Social Security number. You also have to have an address in the United States. You need an email address. You are required to provide at least one telephone number.

4. There’s a section to add your bank information, which will be the account you will use to buy the bonds. It has to be a checking or savings account. Triple-check this part before you hit submit. Get this wrong and you are transported back a few decades to a system that can’t handle an online change. (More about this later).

5. You’ll go through several additional steps to set up your account, including creating a password, choosing a personalized image, and selecting some security questions. Be sure to choose a strong password and security questions that can’t be obtained from searching your social media accounts. If you post a lot about your fish Goldie or your beloved dog Champ, don’t pick that as an answer to a security question: What was your first pet’s name?

6. Once you have established your account, you’ll receive an email with your TreasuryDirect account number. When you log into your account for the first time, you’ll get a one-time passcode sent to your email. Make sure the image you selected appears. Eventually, you’ll enter the password you selected.

7. If you successfully set up an account, you can electronically buy bonds by transferring money from a checking or savings account.

My husband mistakenly put in the checking account number when we wanted the funds to come from a savings account. You can’t correct the account information online. You have to print out a bank change form to edit an existing bank in your TreasuryDirect account.

If that weren’t frustrating enough, you have to sign the paper form in the “presence of an authorized certifying official available at a bank, trust company, or credit union and mail it to us for processing.” Ugh!

I triple-checked all my information, yet I was not able to set up a TreasuryDirect account. Instead, I received an email that said in part: “We are having difficulty verifying the information you provided when opening your account. We are not provided with any information related to issues with the account verification.”

Now I have to go through some byzantine process to finish setting up my account. Treasury says for my protection, I have to complete an account authorization form, get it signed at a bank “in the presence of a certifying officer” and snail mail it to a Treasury P.O. box in Minneapolis.

Yes, we want vigorous security measures. Still what a ridiculous hurdle for people just trying to grow their money. Modernize the security for goodness sake.

“We are working on changes that would allow notarization — instead of certification or guarantee — of an applicant’s signature on the TreasuryDirect Account Authorization Form (FS Form 5444),” a Treasury spokesperson emailed.

Here’s some good news. If you have trouble setting up an account, you can purchase an I bond through Oct. 28 and you’ll still receive the 9.62 percent interest rate for six months.