§ 346.8 Payment or redemption during lifetime of owner.

(a) *During first 12 months of issue date.* An Individual Retirement Bond is redeemable at any time during the first twelve (12) months of its issue date. No interest will be paid on any bond so redeemed.

(b) *Prior to age 59½*—(1) *With penalty.* Unless redeemed within twelve months of its issue, or except as provided under paragraphs (b)(2) and (c)(2) of this section, if an Individual Retirement Bond is cashed by its owner before he attains age 59½, he must include on his Federal income tax return for the year of redemption the value of the bond. In addition, there is an additional income tax equal to 10 percent of the value of the bond imposed by section 409(c) of the Internal Revenue Code of 1954.

(2) *In case of disability.* An Individual Retirement Bond will be paid at its then current redemption value upon a registered owner's request (or by a person recognized as entitled to act on his behalf) prior to his attainment of age 59½ years upon submission of a physician's statement or any similar evidence showing that the owner has become disabled to such an extent that he is unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. The following are examples of impairments which would ordinarily be considered as preventing substantial, gainful activity:

(i) Loss of use of two limbs.

(ii) Certain progressive diseases which have resulted in the physical loss or atrophy of a limb, such as diabetes, multiple sclerosis, or Buerger's disease.

(iii) Disease of the heart, lungs, or blood vessels which have resulted in major loss of heart or lung reserve as evidenced by X-ray, electrocardiogram, or other objective findings, so that despite medical treatment breathlessness, pain, or fatigue is produced on slight exertion, such as walking several blocks, using public transportation, or doing small chores.

(iv) Cancer which is inoperable and progressive.

(v) Damage to the brain or brain abnormality which has resulted in severe loss of judgment, intellect, orientation, or memory.

(vi) Mental diseases (*e.g.*, psychosis or severe psychoneurosis) requiring continued institutionalization or constant supervision of the individual.

(vii) Loss or diminution of vision to the extent that the effected individual has a central visual acuity of not better than 20/200 in the better eye after best correction, or has a limitation in the fields of vision such that the widest diameter of the visual fields subtends an angle no greater than 20 degrees.

(viii) Permanent and total loss of speech.

(ix) Total deafness uncorrectible by a hearing aid.

In any case coming under the provisions hereof, the evidence referred to above must be submitted to the Bureau of the Public Debt, Division of Transactions and Rulings, Parkersburg, WV 26101, for approval before any bonds may be paid. If, after review of the evidence, the Secretary of the Treasury is satisfied that the owner's disability has been established a letter will be furnished authorizing payment of his Individual Retirement Bonds. This letter must be presented each time any of the owner's bonds are submitted for payment to a Federal Reserve Bank or Branch or to the Department of the Treasury.

(c) *Prior to age 70½*—(1) *General.* An Individual Retirement Bond will be redeemable at its current redemption value upon the request of the registered owner (or a person recognized as entitled to act on his behalf), provided he is 59½ years of age or older. The owner's age will be determined from the date of birth shown on the face of the bond, provided, however, that the Secretary of the Treasury reserves the right in any case or class of cases to require proof, in the form of a duly certified copy of his birth certificate, that the owner has attained the age of 59½ years. If such evidence is unavailable, one of the following documents may be furnished in lieu thereof:

(i) Church records of birth or baptism

(ii) Hospital birth record or certificate

(iii) Physician's or midwife's birth record

(iv) Certification of Bible or other family records

(v) Military, naturalization or immigration records

(vi) Other evidence of probative value.

Similar documentary evidence will also be required to support any claim made by an owner that the date of birth shown on his bond is incorrect.

(2) *For change of investment.* Under section 409(b)(3)(c) of the Internal Revenue Code, if an Individual Retirement Plan Bond is cashed at any time before the end of the taxable year in which the owner attains age 70½, and the entire redemption proceeds are transferred to an individual retirement account, an individual annuity, an employees' trust, or annuity plan, as described in sections 408(a), 408(b), 401(a) and 403(a), respectively, of the Internal Revenue Code, on or before the 60th day after receipt of such proceeds, they shall be excluded from gross income and the transfer shall be treated as a rollover contribution described in section 408(d)(3) of the Internal Revenue Code.

(d) *Requests for payment*—(1) *By owner.* When redemption of any Individual Retirement Bond is desired by the registered owner, it should be presented, with the request for payment on the back of the bond signed and duly certified, to a Federal Reserve Bank or Branch or to the Bureau of the Public Debt, Securities Transactions Branch, Washington, DC 20226. If payment is requested on account of disability, the letter described in paragraph (b)(2) of this section should accompany the bond.[3]

(2) *By person other than owner.* When redemption of any Individual Retirement Bond is desired by the legal guardian, committee, conservator, or similar representative of the owner's estate, it should be presented, with the request signed as described below, to a Federal Reserve Bank or Branch or to the Department of the Treasury. If payment is requested on account of disability, the letter described in paragraph (b) (2) of this section should accompany the bond. [3]The request for payment, in either case, should be signed by the representative in his fiduciary capacity before an authorized certifying officer, and must be supported by a certificate or a certified copy of the letters of appointment from the court making the appointment, under seal, or other proof of qualification if the appointment was not made by a court. Except in the case of corporate fiduciaries, such evidence should state that the appointment is in full force and should be dated not more than one year prior to the presentation of the bond for payment.

(e) *Partial redemption.* An Individual Retirement Bond in a denomination greater than $50 (face value), which is otherwise eligible for redemption, may be redeemed in part, at current redemption value, upon the request of the registered owner (or a person recognized as entitled to act on his behalf), but only in amounts corresponding to authorized denominations. In any case in which partial redemption is desired, before the request for payment is signed, the phrase ''to the extent of $____ (face value) and reissue of the remainder'' should be appended to the request. Upon partial redemption of the bond, the remainder will be reissued as of the original issue date. No partial redemption of a bond will be made after the death of the owner in whose name it is registered.

(26 U.S.C. 220 and 31 U.S.C. 757)

[40 FR 4240, Jan. 28, 1975, as amended at 42 FR 37520, July 21, 1977]

§ 346.9 Payment or redemption after death of owner.

(a) *Order of precedence where owner not survived by beneficiary.* If the registered owner of an Individual Retirement Bond dies before it has been presented and surrendered for payment, and there is no beneficiary shown thereon, or if the designated beneficiary predeceased the owner, the bond

[3]In any case in which a legal representative has not been appointed for the estate of a registered owner who has attained the age of 59½ years, or who has become disabled, a person seeking payment of a bond on the owner's behalf should furnish a complete statement of the circumstances to the Bureau of the Public Debt, Division of Securities Operations, Washington, DC 20226. Appropriate instructions will then be furnished.