



2023 Report to Congress
Under the SECURE 2.0 Act of 2022
Implementation of Savings Bond Provisions

February 12, 2024

On December 29, 2022, the President signed into law the SECURE 2.0 Act of 2022 (SECURE 2.0 Act),¹ which requires the Department of the Treasury (Treasury) to share information on certain matured, unredeemed savings bonds with states for the purpose of locating savings bond owners.² The SECURE 2.0 Act also requires Treasury to submit an annual report to the Committees on Appropriations of the House of Representatives and the Senate, the Committee on Ways and Means of the House of Representatives, and the Committee on Finance of the Senate assessing its efforts to satisfy the act’s requirements. This report for 2023 provides some background on savings bonds, addresses the availability of data and the regulations being developed to implement the SECURE 2.0 Act, and outlines other ongoing efforts by Treasury in furtherance of the SECURE 2.0 Act.

Background

Treasury began issuing savings bonds in 1935 to provide the public with simple, accessible Treasury securities to build savings and financial confidence. Within Treasury, the Bureau of the Fiscal Service (Fiscal Service) is responsible for administering public debt, including the issuance and redemption of savings bonds, which are contracts between the U.S. government and the bond owners. Since 1935, Treasury has issued more than 6.8 billion paper savings bonds valued at more than \$731 billion. Approximately 1% of all paper savings bonds ever issued are currently unredeemed and three or more years past their final maturity. It is these savings bonds that are the focus of the SECURE 2.0 Act.

A savings bond that has reached final maturity but has not been redeemed is referred to as matured unredeemed debt (MUD). MUD is an outstanding obligation owed by the government to savings bond owners. Savings bonds never expire and there is no deadline for the owners to redeem their bonds. Many bond owners choose to hold on to their matured bonds; as a result, these bonds remain outstanding obligations until the owners or their heirs decide to redeem them. Other bond owners may not know they have MUD.

Treasury has engaged in numerous campaigns and outreach activities to encourage bond owners to redeem their matured bonds. Historically, these efforts have been hampered by difficulties in accessing savings bond data, given the longstanding nature of the program and the fact that many old bond records were maintained on microfilm. However, in recent years Treasury has embarked on efforts to digitize and modernize the records to make the data more accessible and to facilitate outreach efforts to MUD owners to encourage redemption.

Availability of Data

The SECURE 2.0 Act requires Treasury to “provide each State, in digital or other electronic form, with information describing any applicable savings bond which has an applicable address that is within such State, including (i) the name and applicable address of the registered owner; and (ii) the name and applicable address of any registered co-owner or beneficiary.”³ “Applicable address” is defined to include the registered address for the registered owner of the savings bond or, if available to Treasury, the last-known address for the registered owner.⁴ “Applicable savings bond” is defined

¹ [Division T of the Consolidated Appropriations Act, 2023, Pub. L. 117-328 \(December 29, 2022\)](#).

² 31 U.S.C. 3105.

³ 31 U.S.C. 3105(f)(1)(A).

⁴ 31 U.S.C. 3105(f)(1)(C).

to include a savings bond which (1) is more than three years past its final maturity date, (2) is in paper form or is in electronic form without correctly designated bank account or routing information, and (3) has not been redeemed.⁵

To comply with these requirements, Treasury first needed to convert savings bond records to a more useable format. As a result of this effort, Treasury has been able to digitize savings bond records dating back to October 1957, which includes 97% of all MUD. Treasury is currently evaluating options to digitize the remaining bond records from 1935 to September 1957, which include the remaining 3% of MUD. A detailed description of the digitization process follows.

In appropriations legislation for fiscal years 2020⁶ and 2021,⁷ Congress provided Treasury a total of \$50 million to digitize and distribute its MUD records. In 2020, Treasury initiated a records modernization effort to evaluate the feasibility and cost effectiveness of working with vendors to digitize its microfilm records.

The records modernization effort included a pilot program in which Treasury set out to:

- confirm the quality and condition of its undigitized records;
- understand the challenges involved in digitizing its records;
- determine whether the digitization could be done effectively; and
- validate its cost and time estimates for completing the work.

Before beginning the pilot, Treasury solicited input from industry and Treasury's technical experts to develop standards regarding digitization accuracy levels that would allow Treasury to locate bond owners at a reasonable cost. To test the vendors' ability to digitize Treasury's records, Treasury provided pilot participants with a representative sample of actual microfilm reels to digitize and index, evaluating the accuracy of the digitized samples. The pilot, which was completed on December 9, 2020, found that none of the pilot vendors were able to meet Treasury's standards for digitization quality at the expected cost.

To assess the results of the pilot, Treasury held follow-up discussions with vendors, which advised that the quality and condition of the records presented a significant challenge.

Treasury used lessons learned from the pilot to adapt its acquisition strategy to promote successful digitization and indexing and provide a better value to the taxpayer. For example, Treasury determined that, due to the quality and variability of the microfilm on which the MUD data is stored, only vendors substantially using artificial intelligence or machine learning involving a large number of bonds (many more than provided during the pilot) could meet the required accuracy rates within an acceptable budget and timeframe.

Treasury awarded a new multi-vendor, multi-year contract in May 2021 that implemented the lessons learned from the pilot program by focusing on the data fields that were identified to be the most important and by working in an iterative, three-phase approach that allowed vendors to familiarize themselves with the data and to refine their processes through tools like artificial

⁵ 31 U.S.C. 3105(f)(6).

⁶ Division C of the Consolidated Appropriations Act of 2020.

⁷ Division E of the Consolidated Appropriations Act, 2021, Pub. L. 116-260.

intelligence and machine learning.

Phase 1 of the contract was awarded to three vendors and was completed in May 2021. This entailed digitizing savings bond records and determining the vendor's ability to accurately extract data from a sample of 50 million images per vendor from the 1974-1993 time period, which included Series E, EE, H, and HH savings bonds.

After completion of Phase 1, the three vendors submitted updated proposals, based on their experience, to compete for further work in the next phase.

Phase 2 of the contract was awarded to one of the three vendors from Phase 1 and was completed in February 2022. This phase entailed finishing the digitization of bonds issued during the 1974-1993 time period, which included approximately 91% of the MUD balance. The vendor exceeded Treasury's desired accuracy level on all data fields.

Phase 3 began in February 2023, using the same vendor as Phase 2, and included digitizing all film from October 1957 through November 1973, which includes Series E and H savings bonds and savings notes. Phase 3 was completed in January 2024.

These efforts will improve the search functionality in TreasuryHunt.gov, a site that allows the public to search for savings bonds by Social Security numbers. Additionally, the modernization of these records will permit Treasury to expand data sharing with states via the technical solution being developed as required by the SECURE 2.0 Act. Treasury expects that these technical efforts will continue after the final rule described below is published and is seeking to complete this work as quickly as feasible.

Regulations

The SECURE 2.0 Act requires Treasury to prescribe regulations or guidance as may be necessary to carry out the purposes of the law, while also acknowledging the government's responsibilities to protect the privacy of bond owners and prevent fraudulent activity resulting from the disclosure of their information. Under the SECURE 2.0 Act, Treasury must ensure that any information provided to a state is used solely for the purpose of locating the owner of the bond.⁸

Because of the scale of disclosure required by the SECURE 2.0 Act and the potential impact on bond owners, Treasury recognized the value of engaging with the public as it developed its implementation plan. While it is not generally required to issue a notice of proposed rulemaking (NPRM) for a rulemaking regarding savings bonds,⁹ Treasury determined to issue a proposed rule to increase transparency and provide opportunities for public input. This led to an NPRM that was [published](#) in the Federal Register on October 31, 2023.

Before developing the proposed regulations, Treasury held a listening session with the National Association of Unclaimed Property Administrators (NAUPA) in June 2023 to understand how states would like to receive the savings bond data, how they would use the data, and how they would protect the data. This session helped inform the drafting of the NPRM.

⁸ 31 U.S.C. 3105(f)(2)(A)(iii).

⁹ See 5 U.S.C. 553(a)(2).

To protect the privacy of bond owner information and mitigate the risk of fraud, the proposed regulations would require each state to request savings bond records from Treasury. Following this request, the state would need to enter into an information-sharing agreement prior to receiving any data. This agreement would include security requirements to minimize the risk of data breaches, misuse of information, or fraudulent activity, in accordance with the requirements of the SECURE 2.0 Act. Fraud is a particular concern in the context of savings bonds. In recent years, it has become easier for criminals to create fraudulent paper savings bonds using publicly available information. Since the start of calendar year 2021, there have been over \$40 million in redemptions of counterfeit savings bonds. Fiscal Service has responded by taking steps that have reduced the opportunities for fraud, such as allowing paying agent banks to limit redemptions to established customers. With experience gained from these efforts, Treasury continues to be vigilant about protecting bond owner information and reducing the risks of fraudulent activity. Accordingly, under the proposed regulation, information shared with the states could not be released to the public or any third party without written approval from Treasury.

Comments on the proposed rule were due November 30, 2023. Treasury received 14 comments generally focused on four categories of concerns: (1) how states would fund the effort on their end; (2) how to effectively manage the redemption process; (3) an express prohibition on using the saving bond information to escheat bonds to the states; and (4) how restrictions on data use could impact record utility. Treasury is carefully reviewing the comments and will seek to publish a final rule as soon as practicable.

Other MUD Efforts

In addition to the work described above, Treasury has proactively engaged in other important efforts that further the goals of the SECURE 2.0 Act. Highlights from the last few years include the following.

1. Data Comparison

Treasury has been comparing data from savings bond records across internal systems and with other federal agencies to receive up-to-date contact information to help identify and locate potential MUD owners.

In 2022, Treasury partnered with the Department of Veterans Affairs (VA) on a data-matching effort that resulted in Treasury mailing 102,000 letters to veterans. Over 351,000 bonds have been redeemed since then, worth more than \$132 million.

In October 2023, Treasury sent updated MUD records to the VA for a second data-matching effort. Upon receipt of the matched records, Treasury will analyze the data and develop a targeted outreach strategy.

2. Online Search Tool

Treasury relaunched the TreasuryHunt.gov online search tool in December 2019. At that time, it provided matches only to matured bonds issued after 1973. In August 2023, Treasury Hunt was upgraded to enable searches for all unredeemed bonds since 1957 and additional data points (e.g.,

name, co-owner, and complete bond registration information). The upgrade also included displaying results for all unredeemed securities, including marketable securities, paper accrual bonds, and current income bonds (when available).

3. Collaboration with States

Treasury began collaborating with the NAUPA in January 2020. Treasury representatives attended the quarterly NAUPA meeting in February 2021 and consulted with NAUPA in April 2021 regarding how states validate claimants' identity and pay claims for unclaimed property. NAUPA has assisted Treasury with raising public MUD awareness by adding a link to Treasury Hunt on its website and encouraging states to add the link to their unclaimed property websites.

In March 2022, Treasury met with NAUPA to discuss a potential pilot for sharing bond registration information with the states to allow them an opportunity to attempt to locate bond owners.

4. Communications and Outreach

Treasury implemented communications and outreach strategies by contacting MUD owners, continuing collaboration with other government agencies, and updating public-facing websites with simpler language about matured unredeemed savings bonds.

Treasury has developed strategies to raise awareness of matured bonds to targeted groups of bond owners (e.g., veterans and high-dollar MUD owners). Treasury is continuing outreach efforts to increase redemptions.

Using the data-comparison results described above to locate subsets of MUD owners who met certain criteria, Treasury mailed outreach letters in 2021 and 2022 to remind customers of their matured bonds with instructions on the steps needed to redeem them.

Treasury issued press releases in [November 2021](#) and [May 2023](#) geared toward veterans to encourage savings bond redemptions. Treasury also developed a flyer for the VA to share with veterans through newsletters or e-mails, to increase veterans' awareness regarding possible bond proceeds.

Treasury began working with a vendor in July 2023 on a marketing outreach campaign to improve awareness for MUD owners. Outreach letters were mailed to 4,600 bond owners to encourage redemptions. Treasury also plans to conduct a large marketing effort in 2024 for the purpose of increasing redemptions.

Conclusion

To implement the provisions of the SECURE 2.0 Act requiring Treasury to share information on certain matured, unredeemed savings bonds with states in order to locate savings bond owners, Treasury engaged with stakeholders and issued a proposed rule in October 2023 to increase transparency and provide opportunities for public input. Treasury is currently working to develop a final rule.



At the same time, Treasury’s years-long effort to modernize its savings bond records is nearing completion, with fully 97% of all MUD records now digitized. This effort will provide more detailed information not only to those using Treasury’s online search tool – Treasury Hunt – but also for states that ultimately request this data from Treasury.

The new regulations and continued modernization efforts, along with ongoing data matching, collaboration with states, and other outreach initiatives, will promote savings bond redemptions and allow Treasury to better serve the public.