

I-Bonds: What Are They and How Do They Work

- I-bonds currently have an annualized composite interest rate of 9.62%, however this interest rate adjusts every 6 months based on CPI. The current interest rate is set to adjust in November and there is no guarantee that it will stay at or near current levels come the November update. This composite interest rate is comprised of a constant rate (which is currently 0% for newly issued I-bonds) and a variable rate based on CPI. If inflation were to fall notably by next November, the rate of recently issued I-bonds would also be expected to decline following the recalculation. Please note for any I-bonds issued in June 2022, the current rate is valid for the first 6 months of holding (June-November) and the rate that is calculated in November will take effect in December 2022 and be in effect through May 2023.
- I-bonds have a 30 year lifespan and there are constraints/penalties associated with early selling. These bonds do not have a secondary market and can only be redeemed through the Treasury. They cannot be redeemed until you have held them for at least 1 year. Additionally if you were to redeem I-bonds before 5 years you would have to surrender the last three months of interest as an early redemption penalty.
- Purchases are restricted to only \$10,000 in electronic bonds and \$5,000 in paper bonds (paper I-bonds can only be purchased using a tax refund) per account holder per year.
- Finally, if you would like to purchase these securities you have to go directly through the Treasury as these cannot be purchased at Commonwealth or anywhere else besides the Treasury.

For more information, click [here](#).

