



DON'T TAX YOURSELF

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U.S. Savings Bonds and Death of the Bondholder

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What happens to U.S. Savings Bonds with the death of the bondholder? The answer depends on who owns the savings bond and whether others are also listed as owners or beneficiaries.

Only the decedent is listed on the bond

The bond becomes payable to the estate of the deceased and probate of the estate may be required.

If there is a **court appointed representative**, the bonds will be payable to the estate and administered according to the decedent's **Will**. If there is no Will, the bonds will pass according to the state intestacy laws.

If there is **no court appointed representative** and the value of the bonds is \$100,000 or less, there are procedures that can be followed to transfer or redeem the bonds without filing with the probate court. Under the non-administered estate rules, a competent surviving spouse, blood relative, legally adopted child or next-of-kin can complete **Form FS 5336** and provide required documentation to transfer or redeem the bonds.

If the value of the bonds is more than \$100,000, then a court appointed representative will be required.

Two people are listed as co-owners and one dies

The surviving owner becomes owner of the bond, and probate will not be required.

A beneficiary is named

If there is a beneficiary named on the bond, the beneficiary becomes the owner of the bond upon the death of the original bondholder. The beneficiary can transfer or redeem the bond without going through probate.

Two people are listed on the bond and both die

The estate of the last to die becomes owner of the bond.

For further information on U.S. Savings Bonds and the forms necessary to transfer the bonds upon the death of the bondholder, please visit the [Treasury Direct website](#).

ELECTRONIC BONDS

If the decedent owned treasury securities through a Treasury Direct account, the Bureau of the Fiscal Service advises the personal representative or other interested party to [call or write the Bureau](#).

INCOME TAXES

Unless the original bondholder elected to report the accrued interest as income on their taxes each year, the accrued interest will be federally income taxable to the recipient when the bond is redeemed. [IRS Publication 550](#) and [Publication 17](#) provide information about [income taxes](#) and savings bond interest.