

STATE CONTROLLER'S OFFICE
PERSONNEL AND PAYROLL SERVICES DIVISION
P.O. BOX 942850
SACRAMENTO, CA 94250-5878

DATE: November 12, 2010

PAYROLL LETTER #10-018

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Lisa Crowe, Chief
Personnel and Payroll Services Division (PPSD)

RE: CHANGES TO THE U.S. SAVINGS BOND PAYROLL DEDUCTION PROGRAM

The U.S. Department of the Treasury (Treasury) will eliminate the employer-sponsored payroll savings plan that employees use to purchase paper U.S. Savings Bonds on January 1, 2011. Due to this change, the State Controller's Office (SCO) will withhold the final U.S. Savings Bond deductions from the November 2010 payroll warrants. In December 2010, SCO will cancel all payroll U.S. Savings Bond deductions and refund remaining funds in the employee's U.S. Savings Bond escrow accounts. The refunds will be issued by March 2011.

Employees can continue to purchase U.S. Savings Bonds by using the federal government's Treasury Direct program. This free online system allows employees to purchase, manage and redeem electronic (paperless) U.S. Savings Bonds 24/7 and can be accessed via the program's [website](#).

Employees will be able to purchase U.S. Savings Bonds using a payroll deduction when their respective departments begin using MyCalPAYS, the state's new payroll system. Implementation of MyCalPAYS will be phased in beginning September 2011. Since the timeline for the rollout of MyCalPAYS to California State University (CSU) employees has not been determined, CSU employees are encouraged to purchase U.S. Savings Bonds directly through the Treasury Direct website.

A letter containing the above information was sent to employees who have an active U.S. Savings Bond account. Undelivered letters that are returned to the SCO will be forwarded to the employee's agency personnel or payroll office for handling.

Revisions to the Payroll Procedure Manual and the SCO U.S. Savings Bond web site are forthcoming. Questions about changes to the state's payroll deduction U.S. Savings Bond program should be directed to SCO's Savings Bond unit at (916) 323-9035.

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