

“Higher Education” Frequently Asked Questions – Updated March 4, 2004

The maturity date of my bond has passed, what should I do?

My bond certificate is lost or has been stolen, what should I do?

My address has changed, what should I do?

How do I transfer the ownership of my bond?

How can the bond be used for higher education expenses before its maturity date?

What is the accreted value of my bond?

How do I treat my bond for federal and State of Wisconsin tax purposes?

I received a Form 1099-B, what do I do with the information?

When my bond matures are there any restrictions on the use of the money?

How can I save for future higher education expenses now?

The above questions pertain to the State of Wisconsin two series of bonds designated as “Higher Education”.

General Obligation Bonds of 1990, Series D, (Higher Education Series)
Dated May 24, 1990 with maturities starting May 1, 1996 and
ending May 1, 2010.

General Obligation Bonds of 1991, Series B, (Higher Education Bonds)
Dated May 15, 1991 with maturities starting May 1, 1996 and
ending May 1, 2011.

The maturity date of my bond has passed, what should I do?

No interest is earned after the Maturity Date on the bond, so it should be sent in as soon as possible.

If payment is being made to the registered holder, the back of the bond should not be signed. If payment is to be made to someone other than the registered holder, [click here to contact U.S. Bank Corporate Trust Bondholder Services](#)

Include a letter of instruction that contains the following information:

- Current registration of the bond
- Contact name, address and telephone number
- Type of redemption (see Redemption Instructions below)
- Relationship of redeemer to the bondholder (if applicable)
- Address to which the check should be mailed
- Name of person check should be made payable to

The matured bond and letter of instruction should be sent by U.S. mail to:

U.S. Bank Corporate Trust Services
Attn: Registered Payments EP-MN-WS2N
60 Livingston Avenue
St. Paul, MN 55107-2292

It is suggested that you make a copy of the front of the bond.

It is suggested that the bond be sent by registered or certified mail with a return receipt.

[Click here for Redemption Instructions](#)

THE BOND STOPS EARNING INTEREST ON ITS MATURITY DATE. YOU WILL ONLY RECEIVE THE MATURITY VALUE OF THE BOND IRREGARDLESS OF WHEN THE BOND IS SENT IN FOR PAYMENT.

[Return to Top](#)

My bond certificate is lost or has been stolen, what should I do?

You must notify U.S. Bank Corporate Trust Services that your bond has been lost or stolen and obtain a Notification of Lost Security form. [Click here to obtain the Notification of Lost Security form](#)

If the Maturity Amount of the bond is \$25,000 or less, there is a special form and procedure that the State and U.S. Bank Corporate Trust Services have adopted. Please complete the attached [AFFIDAVIT OF LOSS](#). Fill in the information but do not date or sign the affidavit. Take the affidavit to a Notary Public to be signed and dated. The regular processing fee and expense for a surety bond will be waived for replacement of bonds with a Maturity Amount of \$25,000 or less. You must also complete the Notification of Lost Security form.

Mail the completed affidavit and Notification of Lost Security to:

U.S. Bank Corporate Trust Services
Attn: Non-Routine, BOI - EP-MN-WS2N
60 Livingston Ave
St. Paul, MN 55107-2292

If the Maturity Amount of the bond is \$26,000 or greater, you must complete the Notification of Lost Security form. [Click here to obtain the Notification of Lost Security form](#)

Once you have completed the form, please mail it to:

U.S. Bank Corporate Trust Services
Attn: Non-Routine, BOI - EP-MN-WS2N
60 Livingston Ave
St. Paul, MN 55107-2292

Upon receipt of the completed Notification of Lost Security form U.S. Bank Corporate Trust Services will provide you with specific instructions on how to replace your lost security. Please note you will be charged a fee to purchase a surety bond, which is 2% of the Maturity Amount of the bond, and a processing fee.

[Click here for Lost Bond Information](#)

For questions or additional information, [click here to contact U.S. Bank Corporate Trust Bondholder Services](#)

[Return to top](#)

My address has changed, what should I do?

U.S. Bank Corporate Trust Services maintains the address information for "Higher Education" bonds. They must be contacted. [Click here for Address Change Instructions](#)

For questions or additional information, [click here to contact U.S. Bank Corporate Trust Bondholder Services](#)

[Return to top](#)

How do I transfer the ownership of my bond?

U.S. Bank Corporate Trust Services maintains the ownership information for "Higher Education" bonds. They must be contacted. [Click here for Transfer Instructions](#)

For question or additional information, [click here to contact U.S. Bank Corporate Trust Bondholder Services](#)

[Return to top](#)

How can the bond be used for higher education expenses before its maturity date?

The State has agreed that it will purchase any "higher education" bond presented to it prior to the bond's maturity, but only from funds, if any, on deposit in the State's Capital Improvement Fund as described below, by mailing a check payable jointly to the student for whose benefit the bond is being presented and the school that the student is attending if the following conditions are met:

1. The bondholder presenting the bond for purchase has been the owner of the bond for at least one full year immediately preceding its presentation for purchase.
2. The maturity of the bonds presented for purchase is not more than five years from the date the bonds are to be purchased.
3. The bonds are presented for purchase at a Participating Educational Institution (PEI), as that term is defined below.
4. The student on whose behalf the bonds are presented for purchase has incurred or will incur eligible educational expenses. Eligible educational expenses include but are not limited to tuition, books, room (whether on campus or off), board and other similar costs in connection with attendance at a Participating Educational Institution.

A **Participating Educational Institution** ([click here for list of PEI's](#)) is an eligible educational institution which has entered into an agreement with the State setting forth the procedures to be followed in connection with the purchase of the bonds. An eligible educational institution is a regionally accredited, nonprofit, postsecondary educational institution.

The Certifications of Owner section on the back of the certificate must be completed by the bondowner.

The Certifications of School section on the back of the certificate must be completed by the school.

The school should send the certificate to:

Ms. Sharyl L. Saver
U.S. Bank, National Association
Corporate Trust Services Mail Stop EP-MN-WS3C
60 Livingston Ave
St. Paul, MN 55107-2292

The State and the Trustee will determine a settlement date which will be no more than thirty (30) days from the date of receipt of the bond by the Trustee. The Accreted Value of the bond will be calculated to the settlement date. PROVIDED THAT MONIES ARE AVAILABLE IN THE CAPITAL IMPROVEMENT FUND TO PAY THE ACCRETED VALUE, ON THE SETTLEMENT DATE, a check payable to the PEI and the student will be mailed to the PEI on the settlement date.

If the educational expenses are less than the total Accreted Value of the bond presented, there will be an adjustment. A sufficient maturity value of the submitted bond such that the Accreted Value equals or exceeds (by a \$1,000 maturity value increment) the educational expense stated by the School will be purchased. A new certificate equal to the remaining maturity value will be mailed to the Owner.

For example a \$10,000 stated maturity value bond due May 1, 2006 is presented on August 12, 2002. The educational expenses stated by the School is \$4,332.00. The Accreted Value to an August 29 settlement date is \$728.18 per \$1,000 maturity value. The total Accreted Value for the \$10,000 stated maturity value would be \$7,281.80. This is greater than the \$4,332.00 educational expenses. The adjustment would be that a check in the amount of \$4,369.08 (which represents the Accreted Value of \$6,000 state maturity value) would be made payable to the PEI and the Owner and sent to the PEI. In addition, a new bond with a \$4,000 stated maturity value would be mailed to the Owner.

For questions or additional information contact Capital Finance Office:

capfin@doa.state.wi.us

608.266.2305

[Return to top](#)

What is the accreted value of my bond?

[Click here for 1990 Series D Accreted Value Table](#)

[Click here for 1991 Series B Accreted Value Table](#)

No representation is made that the owner of a bond would be able to realize the accreted value upon the sale or other disposition of it other than a sale to the State under the conditions described in ["How can the bond be used for higher education expenses before its maturity date?"](#)

For questions or additional information contact Capital Finance Office:

capfin@doa.state.wi.us

608.266.2305

[Return to top](#)

How do I treat my bond for federal and State of Wisconsin tax purposes?

The bonds mature at their face value on their Maturity Date. Assuming that the bonds were purchased during the initial offering, the difference between the purchase price and the maturity value is the original issue discount. Generally speaking, the original issue discount is excluded from gross income for federal income tax purposes and is also exempt from Wisconsin income taxes imposed on individuals. Each bondholder should consult with his or her attorney or tax preparer regarding the federal and state tax status in their specific circumstance.

[Return to top](#)

I Received a Form 1099-B For My "Higher Education" Bond, What Do I Do With The Information?

The following guidelines have been prepared for general informational purposes only, and are subject to exceptions that are not described below but that may apply in the case of particular holders of "Higher Education" bonds. The Capital Finance Office is not a provider of legal or tax advice, and recommends that each holder of "Higher Education" bonds consult a tax advisor or preparer with respect to the tax treatment of amounts received on their "Higher Education" bonds.

The following information only applies to an individual and if the "Higher Education" bond was purchased during the initial offering period and at the initial price. If it was purchased at any other time and price consult with your tax advisor or preparer.

A Schedule D must be filed with your federal income tax return.

The 1099-B information is used to complete Line 8 of Schedule D.

In column (a), put value in box 2 of 1099-B and description in box 5 of 1099-B.

In column (b), settlement date from purchase confirmation.

In column (c), date in box 1a of 1099-B.

In column (d), value in box 2 of 1099-B.

In column (e), value in box 2 of 1099-B (same as d above).

In column (f), 0.

[Return to top](#)

When my bond matures are there any restrictions on the use of the money?

There are no restrictions or limitations on the use of money received from a "Higher Education" bond that is held to maturity.

[Return to top](#)

How can I save for future higher education expenses now?

The authority to issue Higher Education Bonds has been used. There are no plans to issue Higher Education Bonds in the future.

The Wisconsin Legislature established the [EdVest College Savings Program](#). EdVest is Wisconsin's "Section 529" program and it provides a flexible way to save for future higher education expenses. Investments qualify for state and federal tax benefits, and participants can choose from a range of investment options. EdVest accounts can be used at thousands of schools nationwide.

[Return to top](#)