



# Department of Defense DIRECTIVE

NUMBER 5035.6

June 4, 2004

---

---

WHS

SUBJECT: Purchase of United States Savings Bonds by DoD Personnel

- References: (a) DoD Directive 5035.6, same subject as above, February 9, 1979  
(hereby canceled)
- (b) [DoD Directive 5400.11](#), "DoD Privacy Program," December 13, 1999
  - (c) Section 552(a) of title 5, United States Code
  - (d) DoD 7000.14-R, "DoD Financial Management Regulation," current edition

## 1. REISSUANCE AND PURPOSE

This Directive reissues reference (a) to update policy on managing the Department of Defense Savings Bonds Program and governing solicitation of DoD personnel to purchase Savings Bonds.

## 2. APPLICABILITY

The Directive applies to the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities in the Department of Defense (hereafter referred to collectively as the "DoD Components").

### 3. POLICY

3.1. The policies and information contained in this Directive are designed to familiarize each civilian and military member of the Department of Defense, the benefits that accrue to the country and to the member through participation in the U.S. Savings Bonds Program.

3.2. The U.S. Savings Bonds Program is a continuing effort to encourage and promote the purchase of U.S. Savings Bonds through voluntary participation in the Federal Payroll Savings Plan. In pursuit of this program, DoD personnel should be:

3.2.1. Informed of the benefits that accrue to the country and themselves through their bond purchases; and

3.2.2. Encouraged to participate voluntarily or to increase the amount by which they may already participate. This is best accomplished by acquiring insight through extensive review of the benefits and features of the Savings Bonds program available on the U.S. Treasury Department Savings Bonds Website, identified at paragraph 3.7., and/or from sufficient training by U.S. Savings Bond Program canvassers.

3.3. The decision of a DoD member purchasing bonds and the amount and the number he or she buys is entirely up to the individual. Coercion to induce an individual to make purchases under the program, or threats of reprisals for failing to do so, destroy the voluntary initiatives and are in direct contravention of Executive policy and this Directive. To ensure that any action to purchase U.S. Savings Bonds is voluntary:

3.3.1. Under the DoD Savings Bonds program or campaign, no dollar goal or "quota" shall not be assigned to an individual or unit, nor shall individual or unit-related percentage participation goals be permitted. Assigned personnel should be advised about the program in language making it clear that there are no goals or "quotas" for any individual or unit.

3.3.2. Access to records concerning employee participation in the U.S. Savings Bonds Program may be necessary "to those officials and DoD employees who have an official need for the performance of their duties, and their use is compatible with the purpose for which such records are maintained." Disclosure under DoD Directive 5400.11, "the Privacy Program" (reference (b)) is based on need-to-know.

3.3.2.1. Consequently, disclosure is limited to personnel, who in discharging their duties, require access to records (e.g., payroll and allotment checks, and campaign workers who assist in implementing the program), and excludes supervisors not directly related to any functional campaign program requirement and

consistent with the disclosure provisions of Section 552(a) of title 5, United States Code (reference (c)).

3.3.2.2. Disclosure should be restricted to only those personnel with a direct functional relationship to the campaign and for campaign purposes only. Such personnel should be briefed on their responsibilities under reference (c), with an admonition against unauthorized disclosure.

3.4. It is an approved and encouraged practice for commanders, organization heads, and other management officials to annually call to the attention of assigned DoD personnel, the value and benefits of voluntary participation in the Savings Bonds program.

3.4.1. It is also an approved organizational option for DoD personnel to be canvassed in a person-to-person basis for the same purpose. Educating all personnel of the benefits and/or features of voluntary participation in the U.S. Savings Bonds Program and the means to do so is the goal of canvassing. In all such contacts, care shall be exercised to avoid any action or practice, direct or indirect, calculated to impose coercive pressure to induce individual purchase of Savings Bonds. Supervisors are prohibited from canvassing subordinates.

3.4.2. There is a difference between persuasion and coercion, and promotion and pressure. The difference lies in the presence or absence of threats, stated or implied.

3.5. DoD pay allotments and instructions for the purchase of Savings Bonds are under the provisions of Volume 8, Chapter 4 of reference (d) for civilian members and Volume 7a, Chapter 43 of reference (d) for military members. Allotments are entirely optional and voluntary.

3.5.1. The individual has the right at any time to increase his or her allotment or to request cancellation of his or her Savings Bonds payroll deduction.

3.5.2. Actions in subparagraph 3.5.1. shall not be contingent upon personal contact between the member and his or her commander, supervisor, local Savings Bonds campaign worker, or any individual, for the purpose of inquiring into the reasons for such actions.

3.6. The granting of special favors, privileges, or entitlements, such as special pass or leave privileges, as an inducement to purchase U.S. Savings Bonds, constitutes coercive practice. Establishment of an express or implied requirement to purchase Savings Bonds as a condition precedent to normal career progression or to the granting

of normal privileges and entitlements violates both the letter and the spirit of this Directive.

3.7. The United States Treasury Department Savings Bonds Website provides extensive information on their Savings Bonds program and investment options. The URL is <http://www.savingsbonds.gov>. The Defense Finance and Accounting Service also provides information on how DoD personnel may obtain Savings Bonds at: [www.dfas.mil](http://www.dfas.mil) and at <https://mypay.dfas.mil>.

#### 4. RESPONSIBILITIES

4.1. The Director, Washington Headquarters Services (WHS), under the authority of the Director of Administration and Management shall Administer the DoD Savings Bonds Program.

4.2. The Heads of the DoD Components shall:

4.2.1. Consistent with the provisions of this Directive and such instructions as may be issued by the Director, WHS, be responsible for the internal operation and administration of the U.S. Savings Bonds Program within their respective organizations.

4.2.2. Ensure that Commanders, organization heads, supervisors, and other management personnel, campaign workers, and all other individuals promoting the sale of U.S. Savings Bonds within their areas of jurisdiction are expressly informed of the policies set forth in this Directive.

5. EFFECTIVE DATE

This Directive is effective immediately.



Paul Wolfowitz  
Deputy Secretary of Defense

Enclosures - 1

E1. Background Information

E1. ENCLOSURE 1  
BACKGROUND INFORMATION

E1.1.1. Traditionally, investment in U.S. Savings Bonds has been a reaffirmation of faith in our governmental system, and a vote of confidence in the American future. Such reaffirmation of faith and vote of confidence are an appropriate means of support.

E1.1.1.1. Through the Federal Payroll Savings Plan, DoD civilian and military members are provided the opportunity to give full expression to the American habit of working together to make our country strong.

E1.1.1.2. This citizen participation and involvement are American traditions. So, too, are thrift and the spirit of self-reliance that motivate it.

E1.1.1.3. Access to information to exercise such voluntary participation enables fully informed individual investment choices. Information on rates and dates of interest accrual on Bonds, types of Bonds and Bond maturity level are available on the U.S. Treasury Department Savings Bonds Website at: <http://www.savingsbonds.gov>.

E1.1.2. Savings Bonds are an absolutely safe investment, having the security of a Government guarantee. Further, they offer tax advantages in that interest is exempt from State or local income and personal taxes, and interest accrual may be deferred in the filing of Federal taxes until the bond is cashed or reaches maturity.

E1.1.2.1. This, in effect, may increase the yield if Savings Bonds are cashed in at retirement, when the owner can be expected to be in a lower tax bracket. Also, a Federal tax-free college fund may be established for children or grandchildren by following the prescribed procedures.

E1.1.2.2. The purchase of Savings Bonds has a positive impact on this nation's economy as a whole. When an individual budgets a part of his or her income for payroll bond purchases, the money represents real savings and there is no inflationary effect.

E1.1.2.3. The public debt is part of the cost of our Government doing business. A portion of this cost of doing business is the pay of Federal employees. Assistance in the management of this debt through the voluntary purchase of Savings Bonds is worthy of support by all DoD members.