



Barbadians Can Now Invest More in Savings Bonds

The Central Bank of Barbados today re-launched its savings bonds programme with the announcement of a new savings bond issue with a nominal value of \$10,000,000 that will open on June 1.

The new savings bond issue will usher in two major changes to the programme's administration. The maximum nominal value that can be held per series has been increased to \$100,000 for individual purchasers and benevolent organizations and \$200,000 for joint holders. The previous limit for all investors was \$50,000.

The Bank is also introducing a single certificate system, replacing the previous practice of issuing certificates of different denominations. Bondholders will still be able to make partial surrenders of their investments if they choose to, however. They will receive a balance certificate if they encash any portion of the original investment.

Governor Dr. DeLisle Worrell, himself a long time bondholder, encouraged Barbadians to make that security a part of their financial planning: "I have been holding savings bonds right from the beginning, from the time they became available, and I would say that they should be an essential part of the portfolio of every working person."

Savings bonds are sold at a discount, which means that the investor pays less than the nominal value but receives the full amount after the savings bond has matured. For the upcoming series, GBSB S75/2015, investors will pay \$76.24 per \$100 nominal value, which represents a yield to maturity of 5.5%.

Guests at the launch also heard two endorsements for the savings bonds including one from Carrie-ann Morris-Searles, Head of Human Resources at LIME, who revealed that the company encourages its departing employees to consider investing in savings bonds. People who purchase savings bonds with their refunded pension plan contributions do not have to pay 25% withholding tax on that money if they hold them until they mature.

Novaline Brewster, Public Affairs Officer at the Central Bank spoke of plans for a promotional campaign in support of the programme. "We have many faithful bondholders who invest every year, but we are also aware that there are a number of Barbadians, particularly younger people new to the workforce, who are not aware of what savings bonds are or how they work. Our

goal is to show them that savings bonds are a safe, lucrative investment,” she explained. She stated further that with the removal of the minimum deposit rate, investing in savings bonds is an attractive alternative investment, especially for the small saver.

Savings bonds are available to Barbadian citizens and permanent residents over 18 and are sold at commercial banks islandwide.

May 26, 2015