

How to purchase Treasury Debt

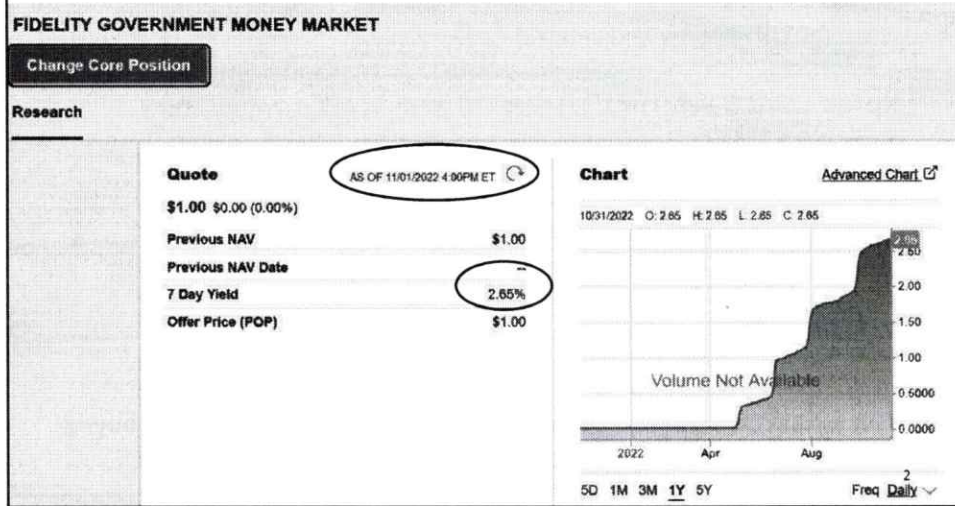
It is very easy to do

1. From Treasurydirect.gov
2. From your brokerage account (mostly easy)
3. From your bank (I have never done that)

Marketable Treasury debt is sold in an auction process. Auctions are held weekly but not all types of debt or all maturities are sold every week. NORMALLY 4 week T-Bills are sold every week.

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In a rising interest rate environment, the interest on T-bills will rise faster than Money Market Funds. Due to maturity lag.
On Nov. 1 Fidelity Govt. MM Fund had a yield of 2.65%



4 Week T-Bills were expected to yield 3.418% on the Nov. 5 Auction

Fidelity CUSTOMER SERVICE | PROBLEM | OPEN AN ACCOUNT | VIRTUAL ASSISTANT | LOG OUT | Search or get a quote

Accounts & Trade | Planning & Advice | News & Research | Products | Why Fidelity

Research > Fixed Income > Individual Bonds > Search Results

Treasury Auction New Issue Offerings

View other important information and risks of investing in fixed income securities.

U.S. Treasury securities are direct debt obligations issued by the U.S. Government. Note that many Treasury auctions are re-openings of existing Treasury notes. For the latest information on upcoming Treasury Auctions please reference the Economy Calendar.

The Treasury limits non-competitive auction purchases to \$10 million per household for each security type and term.

Related Links

- Learn more about Treasury Auction
- Participating in New Issue Offerings
- Learn about and sign up for fixed income alerts

Attributes Legend

IE: Issuer Event | CP: Call Protection | SKY: Blue Sky States | SFP: Selling Fund Protection
 RI: Rescued Issues | FDIC: FDIC Insured | SO: Survivor Option

Total Bonds Found: 3 As of 11/02/2022 at 12:13 a.m. Help | Glossary

Select Action	Issue Description	Expected Source	Maturity Date	Rating	Expected Price	Expected Yield	Call Protected	Auction Close Date	Settlement Date	Issue Date	Attributes
<input type="checkbox"/> Trade	UNITED STATES TREAS BILLS ZERO CPN	0.000	12/06/2022	---	---	3.418	Yes	11/03/2022	11/08/2022	06/09/2022	CP SFP RI
<input type="checkbox"/> Trade	UNITED STATES TREAS BILLS ZERO CPN	0.000	01/03/2023	---	---	3.726	Yes	11/03/2022	11/08/2022	09/06/2022	CP SFP RI
<input type="checkbox"/> Trade	UNITED STATES TREAS BILLS ZERO CPN	0.000	03/07/2023	---	---	4.215	Yes	11/02/2022	11/08/2022	11/08/2022	CP SFP

4
8
26
weeks

3

Types of Marketable Treasury Debt sold at the Weekly Auction

See TreasuryDirect.gov for offerings calendar.

Look for tab on home page 'Auctions / Upcoming Auctions'

T Bills – Sold in terms 4, 8, 13, 17, 26, and 52 weeks

Bills are sold at a discount or at par (face value).

When the bill matures, you are paid its face value.

Notes - Sold in terms of 2, 3, 5, 7, or 10 years.

Notes pay a fixed rate of interest every six months until they mature.

You can hold a note until it matures or sell it before it matures.

Bonds - Sold terms of 2, 3, 5, 7, or 10 years.

Notes pay a fixed rate of interest every six months until they mature.

You can hold a note until it matures or sell it before it matures.

There are others like Cash Management Bills, Tips, Strips - beyond this discussion

NON MARKETABLE = Savings Bonds, I Bonds Go here - Read before buying!
<https://treasurydirect.gov/savings-bonds/i-bonds/>

A Treasury Direct Account

- Goto Treasurydirect.gov / Open New Account
- Create an account (it is exceedingly secure)
It takes about 20 minutes to complete
All transactions are electronic so
You must enter a bank account with the routing and
account number (checking, savings, brokerage).
- Money is electronically withdrawn at purchase and deposited back
when your bonds mature.
- The Treasury will not sell your bonds, you have to transfer them
(easy to do) to a bank or brokerage.
- If you ever change banks you need to file a special form with a
signature guarantee – takes a few weeks.

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Treasury Direct

Once your account is open, to order you need

1. Your account number
 2. Do two-step confirmation
 3. During setup, you choose an image which you
sometimes have to confirm.
 4. Your password that is entered via your mouse
(reviewed on later page).
-
- Then, to bid at the auction, select the security you
want to own, and the quantity. Select non-
competitive for the price.

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You enter your password by clicking on the letters

Access Your Account » Password

Recognizing your personalized image and caption helps you know that you are at the valid TreasuryDirect Site. If you don't recognize your personalized image and caption, don't enter your password.



Ring

Use your mouse on the Virtual Keyboard below to enter your Password.

Password: (Password is not case sensitive)



[Learn more about Security Features and Protecting Your Account.](#)

[Incorrect Personalized Image?](#)

[Forgot your Password?](#)

[Submit](#) [Cancel](#)

Type here to search

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Upcoming Auctions

Whether you are participating in an auction, tracking its results, conducting research, or simply exploring how you can take advantage of U.S. Treasury marketable securities, we invite you to explore this site.

Take time to scroll as smaller screens may not show the entire table.

Bills	CMB	CUSIP	Offering Amount	Announcement Date	Auction Date	Issue Date
28-Day Bill	No	912796Y9	33 Billion	11/06/2022	11/06/2022	11/15/2022
4-Week Bill	No	912796Y9	65 Billion	11/06/2022	11/10/2022	11/15/2022
13-Week Bill	No	912796Y9	55 Billion	11/06/2022	11/13/2022	11/15/2022
26-Week Bill	No	912796Y9		11/10/2022	11/14/2022	11/17/2022
Notes	Reopening	CUSIP	Offering Amount	Announcement Date	Auction Date	Issue Date
3-Year Note	No	912796Y9	40 Billion	11/06/2022	11/06/2022	11/15/2022
10-Year Note	No	912796Y9	35 Billion	11/06/2022	11/06/2022	11/15/2022
Bonds	Reopening	CUSIP	Offering Amount	Announcement Date	Auction Date	Issue Date
30-Year Bond	No	912796Y9	21 Billion	11/06/2022	11/10/2022	11/15/2022

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TREASURY NEWS

Department of the Treasury • Bureau of the Fiscal Service



Embargoed Until 11:00 A.M.
November 08, 2022

CONTACT: Treasury Auctions
202-504-3550

TREASURY OFFERING ANNOUNCEMENT¹

Term and Type of Security	28-Day Bill
Security Description	4-Week Bill
Offering Amount	\$65,000,000,000
Currently Outstanding	\$82,229,000,000
CUSIP Number	912796Y9
Auction Date	November 10, 2022
Original Issue Date	August 16, 2022
Issue Date	November 15, 2022
Maturity Date	December 13, 2022
Maximum Award	\$22,750,000,000
Maximum Recognized Bid at a Single Rate	\$22,750,000,000
NLP Reporting Threshold	\$22,750,000,000
NLP Exclusion Amount	\$28,100,000,000
Minimum Bid Amount and Multiples	\$100
Competitive Bid Rate Increments ²	0.005%
Maximum Noncompetitive Award	\$10,000,000
Eligible for Holding in TreasuryDirect ³	Yes
Estimated Amount of Maturing Bills Held by the Public	\$134,994,000,000
Maturing Date	November 15, 2022
SOMA Holdings Maturing	\$5,160,000,000
SOMA Amounts Included in Offering Amount	No
FIMA Amounts Included in Offering Amount ³	Yes
Noncompetitive Closing Time	11:00 a.m. ET
Competitive Closing Time	11:30 a.m. ET

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Brokerage Accounts – for purchasing Treasuries

- A brokerage firms number one goal is Asset Retention (#2 is new assets)
- Your brokerage firm doesn't really want you to purchase Treasuries, they want you in their Money Market Fund where they can charge a management fee.
- Brokerage firms will allow you to purchase treasuries, but not easily.
- I suggest actually calling them and having them walk you through the process
 - At TDAmeritrade I had to call their trading desk and verbally enter any order
 - At Fidelity getting to the order page is about 6 pages deep.
 - And some pages require you to scroll off the bottom to find the button
 - BUT once set up and understood how to do it, Fidelity is easier than Treasury Direct.
 - Your brokerage firm you can sell your bonds if needed – for a fee.
 - At TDA and Fidelity the order size is multiples of \$1000 – at Treasury Direct the order size is \$100 – careful.
- **ON AN AUCTION PURCHASE NEVER PAY A FEE - \$5 - \$25 to purchase a Treasury Bill, Note or Bond. NEVER**

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How T-Bills work (they are Zero Coupon Bonds) What is the interest rate?

When you purchase a T Bill it has a face value. For example is you buy 10 Bonds the face value is \$10,000.

But T-Bills do not have a coupon payment for your interest earned. They are sold at less than face value. Then mature at face value and the difference is your interest.

Order for 10 bonds maturing in 30 days = Face Value of \$10,000, Bonds are sold to you at \$9,970. They mature at \$10,000. Your earned \$30 in interest.

The interest rate you earned is

$(\$30 / \$9970) = .300903\% \times 12 \text{ (months to annualize)} = 3.611\%$

AUTO-ROLL Once you have entered an order you can 'AUTO-ROLL'. The maturing funds are automatically reinvested into the same type of instrument - YES/NO

At Treasury Direct you can buy in \$100 increments but any other place is it in \$1000 increments. Be careful of your amounts.

<https://www.investopedia.com/articles/economics/08/treasury-fed-reserve.asp>

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Treasury v. Fed. Reserve