

FREQUENTLY ASKED QUESTIONS

Phasing Out the Penny

October 2025

Q: I heard that the government has stopped making pennies. Is that true? What does it mean for me?

A: Yes, President Trump announced in February that he directed the U.S. Treasury to stop producing new pennies to reduce government spending. Since then, the U.S. Mint has reportedly stopped production and delivered their last shipment of new pennies in August. However, there are still an estimated 250 billion pennies in circulation, so they're not disappearing overnight.

Q: Is there a penny shortage? Why are retailers saying they don't have enough?

A: It's not a shortage in the traditional sense—there are plenty of pennies out there. But circulation is slowing down. Many people stash pennies in jars or drawers, and without new ones being minted, banks and retailers are relying solely on recycled coins. This has created localized supply issues, especially in areas where coin terminals have been shut down.

Q: What are coin terminals, and why do they matter?

A: Coin terminals are facilities operated by the Federal Reserve, or by private sector entities under contract to them, where banks deposit excess coins and withdraw coins they need. There are about 165 terminals nationwide, acting as local clearinghouses. Recently, the Fed began closing terminals that fall below inventory thresholds—more than 60 have already ceased all penny transactions. These closures make it harder for banks to access or deposit pennies, compounding the circulation issue.

Q: What happens if my bank or store runs out of pennies?

A: In areas experiencing penny shortages, banks and retailers may temporarily round cash transactions to the nearest five cents. This is similar to what countries like Canada and Australia have done after phasing out their lowest-denomination coins. Electronic payments remain unaffected, and banks will clearly communicate any changes to customers.

Q: Can I still use my pennies? Should I do anything with them?

A: Absolutely. Pennies are still legal tender and can be used for purchases or deposited at your bank. The banking industry encourages consumers to recirculate coins—check your home, car or coin jars and bring them to banks, retailers or coin kiosks to help ease the slowdown.

Q: What is the banking industry doing about this?

Banks are:

- **Monitoring coin circulation** closely.
- **Working with the Federal Reserve, the Treasury Department** and other stakeholders to manage supply.
- **Supporting customers** through operational adjustments.
- **Advocating for policy changes**, including asking the Fed to reverse its decision to stop accepting penny deposits at closed terminals.

Q: Will this affect my banking experience?

A: Possibly, but banks are committed to minimizing disruption. You may notice rounding in cash transactions or signage encouraging electronic payments. Banks will continue to accept and process pennies as long as they remain in circulation and will keep customers informed of any changes.

Q: What's next? Will the penny be eliminated completely?

A: That decision lies with Congress and the President, as the Constitution gives Congress the authority to coin money. The banking industry is prepared to support whatever policy is enacted and will ensure a smooth transition if the penny is officially phased out.