

FREQUENTLY ASKED QUESTIONS

Phasing Out the Penny

Updated January 2026

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 2025 that he directed the U.S. Treasury to stop producing new pennies to reduce government spending. On Nov. 12, 2025, the U.S. Mint struck the final five U.S. pennies, marking the end of the country's 232-year history of making one-cent coins. However, there are still an estimated [114 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 run out of pennies.

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. On Jan. 8, 2026, the Federal Reserve [announced](#) that it would resume accepting penny deposits at coin distribution locations, which will help strengthen coin circulation nationwide.

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. In December 2025, the U.S. Department of Treasury issued [guidance](#) that included information about how businesses could handle rounding transactions. Electronic payments remain unaffected, and banks will clearly communicate any changes to customers. Banks can avoid rounding cash disbursements for customers by making an electronic debit or credit to their account. Banks that conduct cash payouts to non-account holders (e.g. cashing on-us checks) will need to establish a rounding policy.

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 clear guidance on how to round transactions.

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.