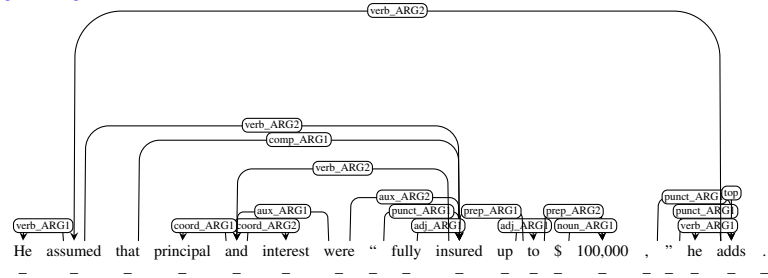


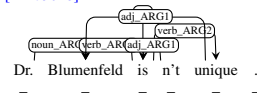
[21273002]



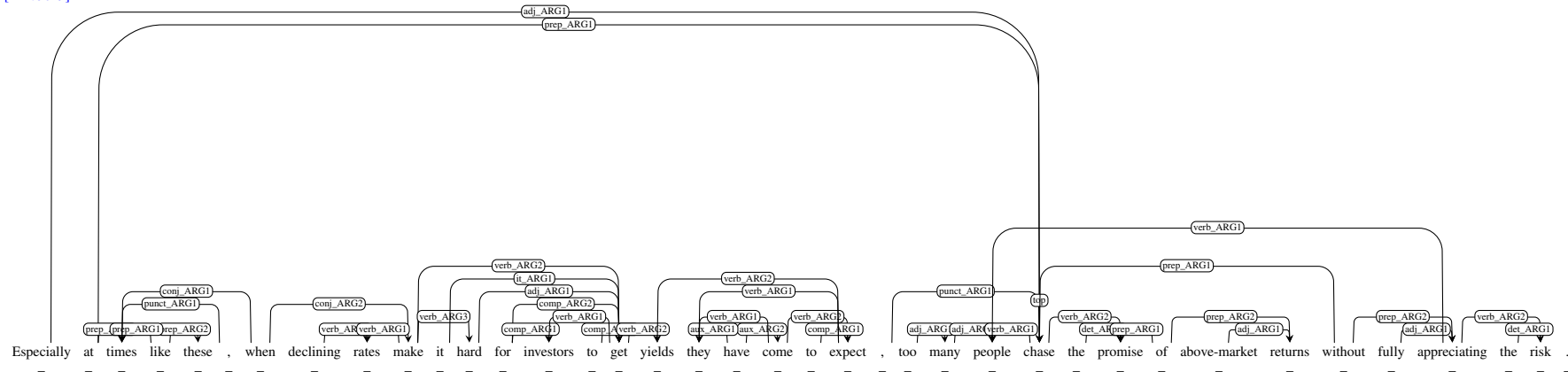
[21273017]



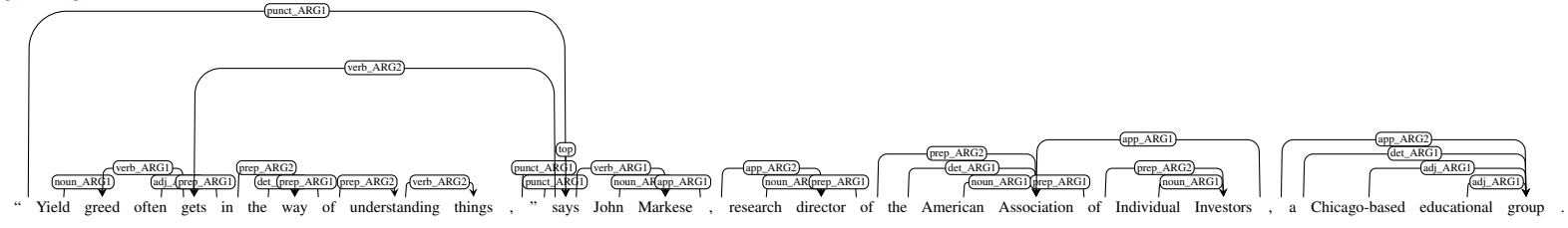
[21273018]



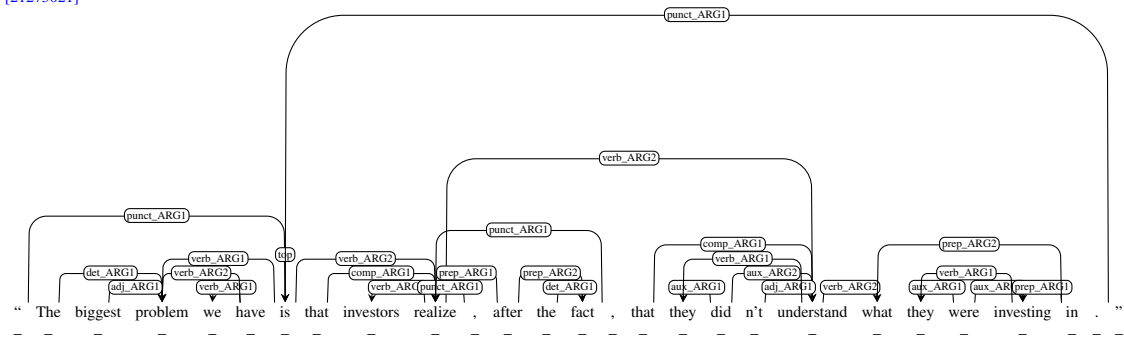
[21273019]



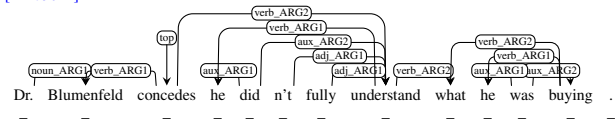
[21273020]



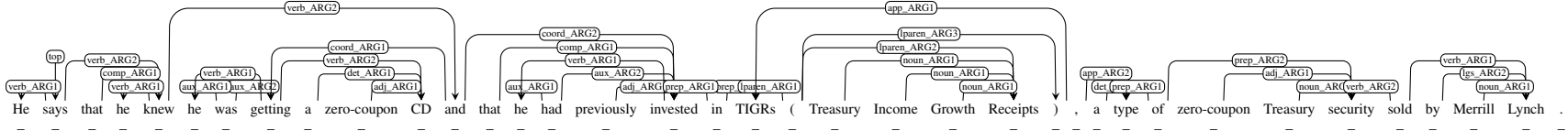
[21273021]



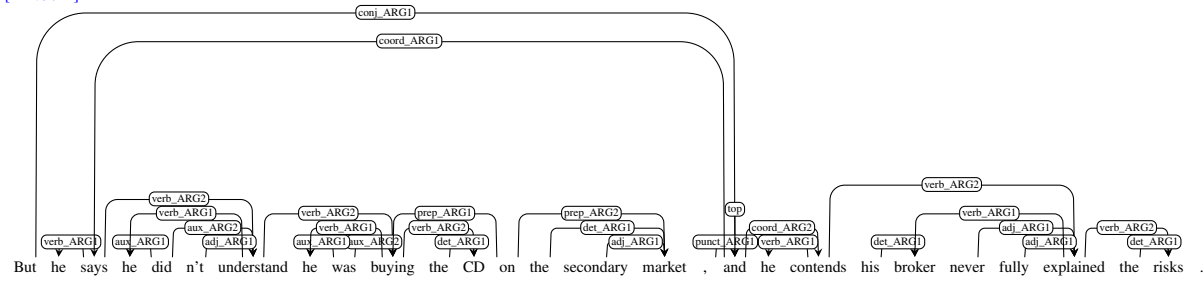
[21273022]



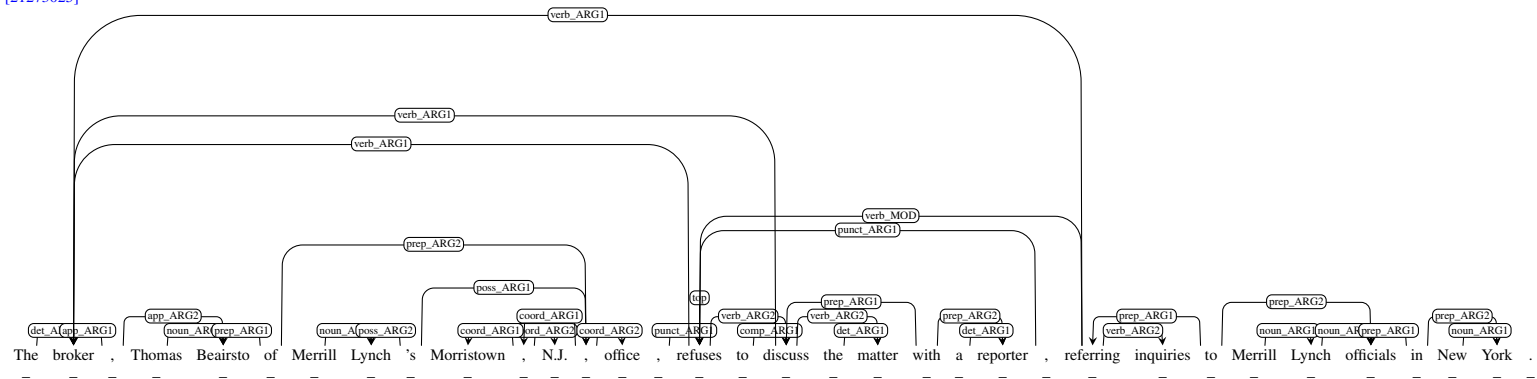
[21273023]



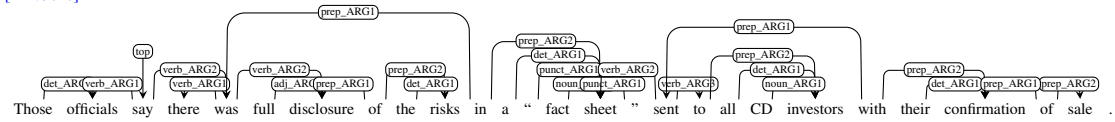
[21273024]



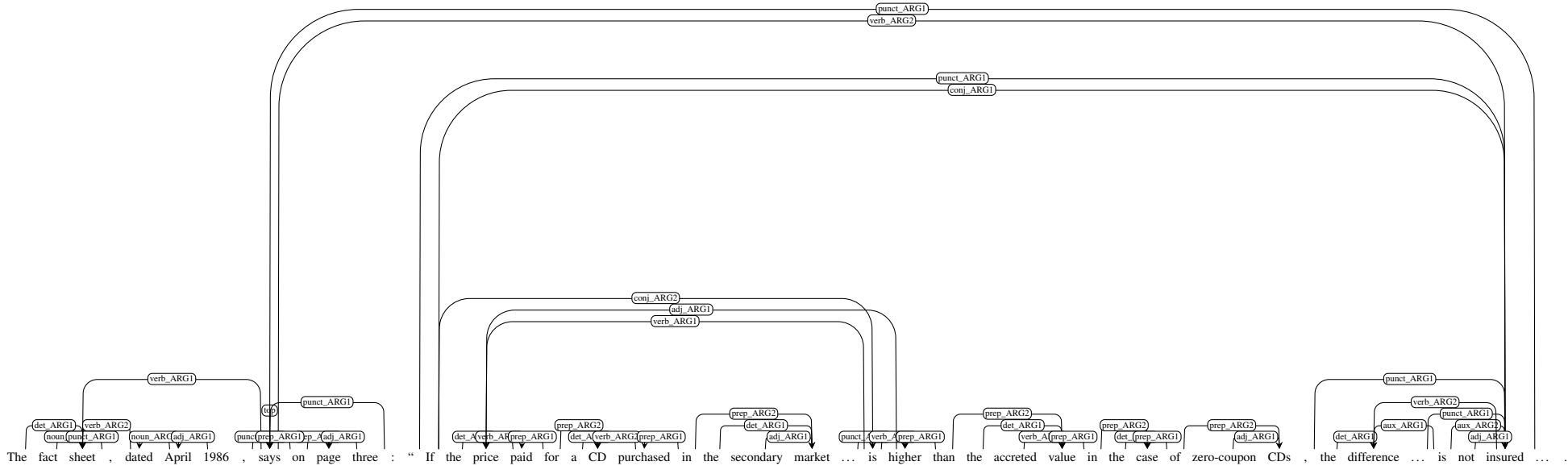
[21273025]



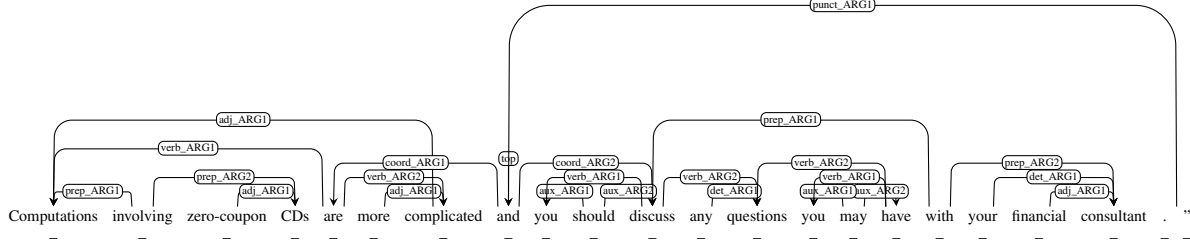
[21273026]



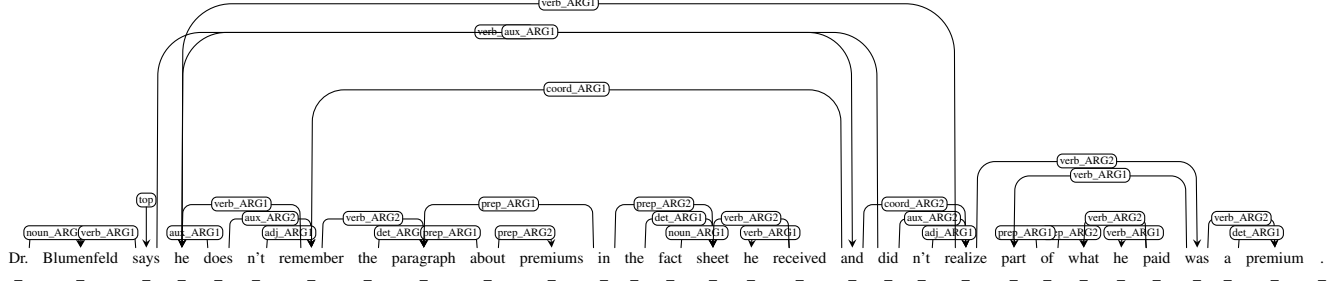
[21273027]



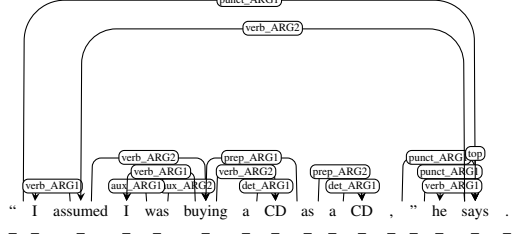
[21273028]



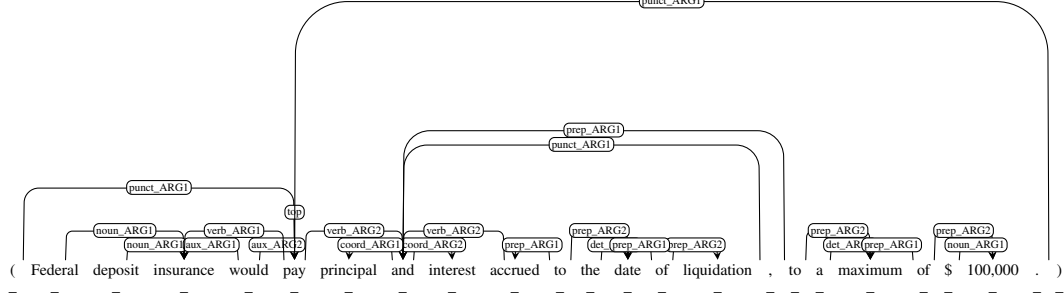
[21273029]



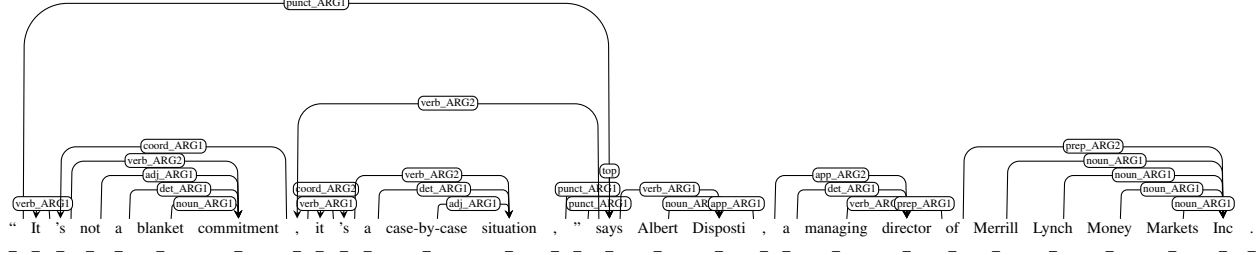
[21273030]



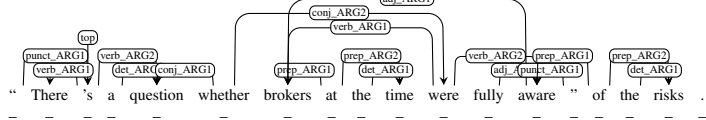
[21273032]



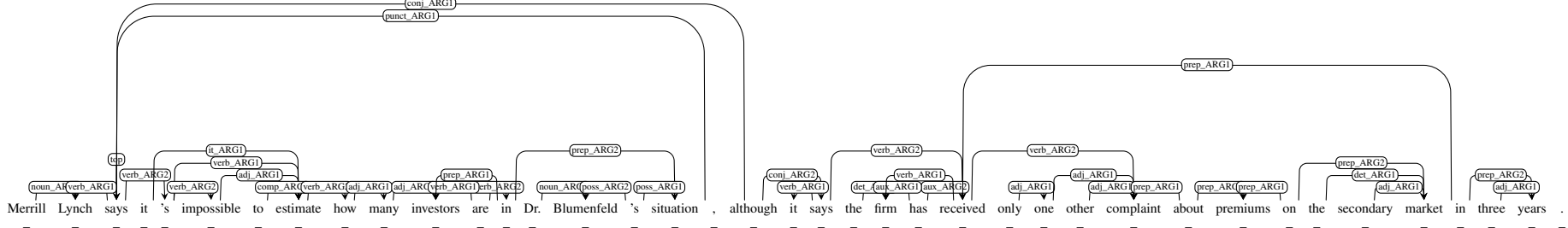
[21273033]



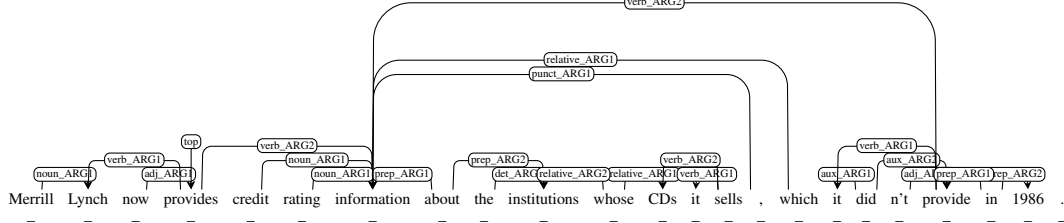
[21273034]



[21273036]



[21273037]



[21273038]

Zero-coupon CDs are only a small portion of the \$ 1 trillion-plus in CDs outstanding , and those purchased on the secondary market are an even smaller part of the total .

[21273039]

Merrill Lynch estimates that fewer than 10 financial institutions currently issue zero-coupon CDs .

[21273041]

Because of the tax consequences of zero-coupon investments , income tax is payable in the year interest is accrued , although interest is n't actually paid until maturity . zero-coupon CDs are usually sold for tax-advantaged accounts to finance things like retirement and children 's education .

[21273042]

Most zero-coupon CDs are in maturities of six to nine years , and they usually double in value by maturity .

[21273043]

But investors who bought zero-coupon CDs in the secondary market are n't the only ones who may be surprised to learn the full amount of their investments is n't insured .

[21273044]

People who paid a premium for standard CDs purchased on the secondary market could also find that those premiums are n't insured if the institutions that issued the CDs failed .

[21273045]

However , those premiums are usually far smaller than on zero-coupon CDs , and the simpler pricing structure of a standard CD makes it more apparent when a premium is paid .

[21273047]

Dr. Blumenfeld says he 's satisfied that his problem has been resolved .

[21273048]

And he says he 's learned a lesson : " You always have to watch out for yourself .

[21273049]

No one else will watch out for you .