

INVEST SMART

Whip Inflation Now—And For Your Future

(NAPSA)—With most experts saying higher inflation is now only a matter of when and not if, savvy investors are turning to a new investment vehicle created to help offset its effects.

The new FDIC-insured investment is called Inflation-Protected Certificates of Deposit, or CDIPs. These pay a stated, fixed rate of interest like a traditional CD, but—and here's the crucial part—interest is paid on an inflation-adjusted amount, not the original deposit amount. At maturity, additional interest is paid equal to the total increase in inflation. Both the final payment and the periodic interest payments increase as inflation rises.

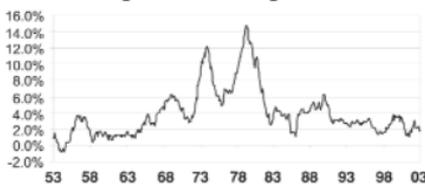
If CDIPs sound similar to the very popular U.S. Treasury Inflation Protected Securities, otherwise known as TIPS, there's a reason: They are.

Here's how they work. Say you invest the minimum \$1,000 in a CDIP paying two percent interest. On the first coupon payment date inflation is one percent. The CDIP's inflation adjusted base increases to \$1,010 and the interest payment is \$10.10 (\$1,010 times half of two percent). Even if inflation is down when the CDIP matures, the final payment will never be less than the amount invested.

"Inflation protected products are being written and talked about by everyone, because many believe inflation will pick up along with the economy in the very near term," explained Patrick J. Kelly, managing director of LaSalle Broker Dealer Services Division, a leading educator and distributor of taxable fixed-income products and services. "So for those investors who rely on the stability and predictability of fixed-income investing, have an asset alloca-

Bite Through Inflation with CDIPs

Consumer Price Index as a percentage change, on a 12-month basis, from 1953 to 2003. Average annual change was **3.92%**.



The information is not intended to represent what you might earn on a CDIP; but rather provide for information purposes and should not be used or interpreted as a forecast or indication of future performance of the index or the interest, if any, you will earn by owning a CDIP.

tion strategy and look to hedge against inflation with a real (as opposed to nominal) rate of return on their investments, CDIPs should be an important investment consideration."

His company is the first to offer individual investors an inflation-protected certificate of deposit, where the investor earns a rate of return equal to the inflation rate plus a stated coupon. This means the total return will always outpace inflation.

A valuable feature of CDIPs is the survivor's option. It allows for the full withdrawal of the principal and interest earned through the redemption date in the event of the death or incompetence of the owner, regardless of current market value. Very few fixed-income investments offer this. "Additionally," says Kelly, "CDIPs are intended to be offered perhaps as often as weekly on a new issue basis, which has proven to be important to individual investors."

Available in \$1,000 denominations, and with maturities of five to 10 years, CDIPs can be purchased through broker-dealers and financial advisors.

For more information about LaSalle's Inflation-Protected Certificates of Deposit or to calculate the rate of return of such an investment, visit LaSalleCDIPs.com.