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Low Bond Yields Are Killing Muni Tax Breaks.

Don't expect to reap much of a tax break from municipal bonds anymore.

Investors have flooded into muni bond funds, expecting to reap savings by owning nontaxable bonds issued by states, municipalities and other local-government entities. But bond prices have risen so much, pushing yields down, that the savings are getting tougher to find.

"For most taxpayers, there's no longer a significant yield advantage for muni funds after you take taxes into account," Amy Arnott, a portfolio strategist at Morningstar, writes in an article posted Tuesday on Morningstar.com.

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Barron's

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