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Should You Tap Pricey Muni Bond ETFs Now?

Tax-exempt municipal bonds serve not only as an investment option but also as a significant contributor to public projects like roads, schools, and hospitals. These debt instruments are issued by local or state governments, attracting investors due to their tax-advantaged income.

Usually, the interest income from munis is exempt from federal tax and may also not be taxable per state laws, making these especially attractive for investors in the high tax bracket looking to reduce their tax liability.

This is totally different from interest on Treasury and corporate bonds that are taxed as regular income. Apart from investors' desire for a tax-shelter, improving fiscal health of many municipal bond issuers make a rewarding combination.

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