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[Don't Think You Own Muni Bonds? Check Your Robo Adviser Account.](#)

- **Betterment and Wealthfront are top holders of iShares muni ETF**
- **Republican proposal could unleash tax-deductible debt demand**

Financial planners have long advised individual investors to carve out some portfolio space for municipal bonds. Most likely, though, only those wealthy enough to hire an investment manager actually went out and bought any.

Well, check your portfolio. Because you just might be the proud owner of at least a slice of a muni bond, especially if you use a robo-adviser — the increasingly popular form of electronic financial guidance for individual investors.

Betterment and Wealthfront Inc., two of the most popular robo-advisers, are also two of the biggest holders of the iShares National Muni Bond ETF, ticker symbol MUB, the largest municipal bond exchange-traded fund with nearly \$9 billion in assets. Based on their June 30 filings with the Securities and Exchange Commission, Betterment owned about \$500 million of the fund and Wealthfront held about \$430 million. That makes them the second- and fourth-largest holders, respectively.

Munis appeal to the wealthy because their interest income is shielded from federal and, in most cases, state income taxes. Their importance to investors could grow if the full Republican tax plan is enacted into law, particularly the proposal that would end deductions for state and local taxes. The change could unleash demand within the tax-deductible muni bond market, particularly from investors in high-tax states like New York and New Jersey.

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