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How Muni Bond Interest Can Trigger Medicare Premium Hikes.

KEY POINTS

- There's been record demand for U.S. municipal bond funds in 2021 with an estimated \$85.36 billion in net inflows through September.
- However, tax-free muni bond interest may trigger Medicare premium hikes for higher-income investors.

As investors flock to municipal bonds, also known as muni bonds, the tax-free interest may trigger a costly surprise for higher-income retirees.

There's been record demand for U.S. municipal bond funds in 2021, with an estimated \$85.36 billion in net inflows through September, according to Refinitiv Lipper data.

While demand slid from August through October, investors poured back into muni bonds in November, despite Democrats' stalled attempts to increase taxes on the wealthy.

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