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This Hidden Muni Bond Tax May Trigger Higher Medicare Premiums.

KEY POINTS

- Municipal bonds, known as muni bonds, have become a popular option for investors seeking security and tax-free portfolio income.
- However, muni bond interest may trigger a costly surprise for higher-income retirees with Medicare premium increases.

Municipal bonds, also known as muni bonds, have become a popular option for investors seeking security and tax-free portfolio income. However, these assets may also trigger a costly surprise for retirees.

Demand surged in 2021 amid President Joe Biden's proposed tax increases, with a record \$96.8 billion of net money flowing into U.S. muni mutual and exchange-traded funds, according to Refinitiv Lipper data.

While plans to hike taxes have mostly stalled, muni bonds are still attractive to higher earners looking for stability, according to financial experts.

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