

Bond Case Briefs

Municipal Finance Law Since 1971

Considering Buying Municipal Bonds? Be Aware of Social Security and Medicare Implications.

During your working years, it's a good idea to invest heavily in stocks, since that could lead to solid, steady growth in your portfolio. But as retirement nears, it's smart to shift over to safer investments, like bonds.

Bonds don't tend to be as volatile as stocks, and so at a time when you might need to tap your investments for income, they're a good bet. And if you're going to buy bonds, you might want to focus on municipal bonds (or muni bonds) over corporate bonds.

Corporate bonds tend to come with higher yields than muni bonds. But muni bonds have a few distinct advantages. First, the interest income they pay is always tax-exempt at the federal level. And if you buy muni bonds issued by your state of residence, you can avoid state and local taxes, too.

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The Motley Fool

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