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The Municipal Bond Ladder: A Timely Response to Rising Rates

Tax-free income and the opportunity to realize higher income as interest rates rise are among the potential benefits of a managed municipal bond ladder.

In a [previous Market View](#), our experts detailed how today's higher yields have enhanced the appeal of municipal bonds for long-term investors seeking attractive tax-free income. But what might be a good approach for those who wish to take advantage of current yields while helping shield their portfolio from the effect of further interest-rate increases? One approach may allow investors to take advantage of higher income by extending maturity, while protecting from potential rising rates: a professionally managed muni-bond ladder.

How might this work? Let's look at Figure 1.

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Lord Abbett

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