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Muni Bonds at a Premium: A Wise Investment Strategy

Municipal bonds have garnered a lot of attention in recent months. Thanks to their high yields and tax advantages, many investors across various different income levels have been drawn to their benefits. With this rising demand amid slowing supplies, muni bonds have become a star performer this year as well, with many investment-grade munis now trading above par values.

But investors may want to ignore the premiums.

It turns out that buying municipal bonds at premiums is actually a very good idea. With strong cash flow and the ability to avoid key tax traps, premium muni bonds might be the only way to buy the bond sector.

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by Aaron Levitt

Sep 12, 2023

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