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Cash Alternatives: How Short-Term Munis Provide Safety, Liquidity, and Tax Benefits

Savers have been rejoicing over the last year or so. With the Fed raising benchmark rates, CDs, money market funds, and even checking accounts have started to pay some meaningful interest. This has been wonderful news for those seeking income. However, as they say, “No good deed goes unpunished.”

And in this case, we’re talking about taxes.

It’s been a long time since investors have had to think about interest income and taxes with regard to their savings accounts. But after the yield bonanza of the last few years, tax bills are expected to be heavy. But there is a solution that investors may want to consider. Short-term municipal bonds offer safety, liquidity, and income without many of the tax surprises.

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