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Taxable Municipal Bonds: A High-Yield Opportunity to De-Risk Portfolios

One of the biggest draws to the municipal bond market is their tax-free status. Issued by states and local governments, Uncle Sam cuts muni investors a break and allows their interest payments to be tax-free. And in many cases, they are also exempt from state and local taxes. As such, municipal bonds are often a popular choice for taxable accounts and high-income individuals.

However, not all municipal bonds are the same.

There is a growing ecosystem of taxable municipal bonds. While this may seem counterintuitive, these taxable munis offer a variety of benefits to investors, including increased income and reduced portfolio risk. In many cases, taxable munis could be a better buy than corporate bonds with similar durations. With that in mind, taxable munis could be a great addition to a fixed-income portfolio.

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