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Cash Is Losing Its Crown: Why Short-Term Munis Are the Next Move

Cash has certainly been king over the last few years. As the Federal Reserve raised rates to combat inflation, cash, money market funds, and CDs have been paying yields not seen in roughly a decade. Investors are earning real interest on their savings. And when you add in all the uncertainty about the economy, cash has become a real allocation for many investors.

But cash's time in the sun may be setting as a variety of factors take hold.

But there is a safe alternative in short-term muni bonds. Right now, short-term munis are paying more than cash rates before any of their tax benefits kick in. Moreover, they feature equally high credit quality as cash and other short-term asset classes. For investors, the time to get out of money is now, and short-term munis could be the answer.

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