



Muni vs. Taxable



Muni Yield > Taxable Yield x (1-Marginal Rate) = Go with Muni

Winner= Muni Bonds

Muni Yield < Taxable Yield x (1-Marginal Rate)

Winner= Taxable Bonds

Dr. Smith's Tax Rate = 35%

Muni Bond Yield= 5.56% vs. Taxable Bond Yield= 6.81%

$6.81\% * (1-.35) = 4.43\%$

Winner = Muni Bond for Dr. Smith -- $5.56\% > 4.43\%$

