

## Municipal Bond Security Features

Not all AAA-rated municipal bonds are the same! The credit enhancements listed here that support municipal bonds are ranked from top to bottom as "safer" to "less safe." Understand, they are all good credit support features, it's just that some AAA-rated bonds are safer than others. (See *Investment Strategy Article* by similar name.)

### **Municipal Bond Credit Enhancements**

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- Escrowed to Maturity (ETM)
- Pre-refunded (Pre-re's)
- Direct Collateral (GNMA, CDs, etc.)
- Government Insured (FHA)
- High Grade Rating (AA, AAA) of the issuer without enhancement
- LOC from AAA-Rated Bank
- Municipal Insurance