

2009 - Tax-Exempt Versus Taxable Equivalent Yields

Market Discount Municipal Bonds

For Tax Year 2009 | Updated March 2009

Taxable Income Blended					Tax-Exempt Yields								
Single Return		Joint Return		Fed Tax Rate	3	3.5	4	4.5	5	5.5	6	6.5	7
\$0 –	\$8,350	\$0 –	\$16,700	10%	3.33	3.89	4.44	5.00	5.56	6.11	6.67	7.22	7.78
\$8,350 –	\$33,950	\$16,700 –	\$67,900	15%	3.53	4.12	4.71	5.29	5.88	6.47	7.06	7.65	8.24
\$33,950 –	\$82,250	\$67,900 –	\$137,050	25%	4.00	4.67	5.33	6.00	6.67	7.33	8.00	8.67	9.33
\$82,250 –	\$171,550	\$137,050 –	\$208,850	28%	4.17	4.86	5.56	6.25	6.94	7.64	8.33	9.03	9.72
\$171,550 –	\$372,950	\$208,850 –	\$372,950	33%	4.48	5.22	5.97	6.72	7.46	8.21	8.96	9.70	10.45
\$372,950	And up	\$372,950	And up	35%	4.62	5.38	6.15	6.92	7.69	8.46	9.23	10.00	10.77

BLENDED FEDERAL/STATE TAX FACTORS

Federal Tax Rate					Federal Tax Rate					Federal Tax Rate				
State	0.25%	0.28%	0.33%	0.35%	State	0.25%	0.28%	0.33%	0.35%	State	0.25%	0.28%	0.33%	0.35%
AK	0.7500	0.7200	0.6700	0.6500	KY	0.7050	0.6768	0.6298	0.6110	NY	0.6986	0.6707	0.6241	0.6055
AL	0.7214	0.6936	0.6470	0.6283	LA	0.7156	0.6882	0.6423	0.6238	OH	0.7091	0.6773	0.6303	0.6115
AR	0.6975	0.6696	0.6231	0.6045	MA	0.7103	0.6818	0.6345	0.6156	OK	0.7127	0.6842	0.6367	0.6177
AZ	0.7195	0.6908	0.6410	0.6218	MD	0.7144	0.6840	0.6348	0.6159	OR	0.6825	0.6552	0.6097	0.5915
CA	0.6803	0.6530	0.6077	0.5896	ME	0.6863	0.6588	0.6131	0.5948	PA	0.7270	0.6979	0.6494	0.6300
CO	0.7153	0.6867	0.6390	0.6199	MI	0.7174	0.6887	0.6409	0.6217	RI	0.7012	0.6685	0.6151	0.5920
CT	0.7125	0.6840	0.6365	0.6175	MN	0.6911	0.6635	0.6174	0.5990	SC	0.6975	0.6696	0.6231	0.6045
DC	0.6863	0.6588	0.6131	0.5948	MO	0.7050	0.6768	0.6298	0.6110	SD	0.7500	0.7200	0.6700	0.6500
DE	0.7054	0.6772	0.6301	0.6113	MS	0.7125	0.6840	0.6365	0.6175	TN	0.7050	0.6768	0.6298	0.6110
FL	0.7500	0.7200	0.6700	0.6500	MT	0.6983	0.6703	0.6238	0.6052	TX	0.7500	0.7200	0.6700	0.6500
GA	0.7077	0.6794	0.6322	0.6133	NC	0.6919	0.6642	0.6181	0.5996	UT	0.7125	0.6840	0.6365	0.6175
HI	0.6932	0.6655	0.6193	0.6008	ND	0.7218	0.6901	0.6379	0.6160	VA	0.7069	0.6786	0.6315	0.6126
IA	0.6980	0.6718	0.6279	0.6102	NE	0.6987	0.6708	0.6242	0.6055	VT	0.6999	0.6640	0.6151	0.5941
ID	0.6915	0.6638	0.6177	0.5993	NH	0.7125	0.6840	0.6365	0.6175	WA	0.7500	0.7200	0.6700	0.6500
IL	0.7275	0.6984	0.6499	0.6305	NJ	0.7086	0.6741	0.6273	0.6086	WI	0.7013	0.6714	0.6248	0.6061
IN	0.7245	0.6955	0.6472	0.6279	NM	0.7151	0.6864	0.6388	0.6197	WV	0.7013	0.6732	0.6265	0.6078
KS	0.7016	0.6736	0.6268	0.6081	NV	0.7500	0.7200	0.6700	0.6500	WY	0.7500	0.7200	0.6700	0.6500



RBC Wealth Management®

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To figure the taxable equivalent yield for a given tax-exempt yield, divide the tax-exempt yield by the blended tax factor.

Example: Blended taxable equivalent yield for a 5% double exempt bond for an Alabama resident in the 28.0% tax bracket is: $5 / (.6936) = 7.2088\%$

- Factors are computed using the 25.0%, 28.0%, 33.0%, and 35.0% federal tax rates and the highest marginal tax rate for each state.
- All factors assume a filing status of Married Filing Joint Return.
- All factors assume the taxpayer will itemize deductions.
- Adjustments are made for most states, which allow a deduction for federal income tax and/or state income tax.
- No adjustment is made for alternative minimum tax or similar variations of tax calculations.
- City and county level income taxes are not included in these calculations.

RBC Wealth Management is not a Tax Advisor. All decisions regarding the tax implications of your investments should be made in connection with your independent tax advisor.

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