Jacqui Velasquez, a treasury assistant, is considering the purchase of municipal notes but needs to compare their tax-advantaged yield with the yield on taxable securities. The company’s marginal federal tax rate is 34%.

1. What advice would you give Jacqui about comparing these securities?
2. If she is considering a muni that is yielding 5%, how high must the taxable rate be to provide a higher after-tax yield on the taxable security?