

**THE DRL GROUP HAS BEEN CONSISTENTLY RECOGNIZED
AS ONE OF HOUSTON'S TOP WEALTH MANAGERS.
PROVIDING CLARITY TO THE FIXED INCOME MARKETS.**

This is a list of frequently asked questions by people that are less familiar with investing in bonds. We are experts in the bond market, however, we do not expect you to be, we want to provide our expertise to you and help navigate your way through the fixed income bond market. Perhaps some of these questions are some that you have yourself, and we hope that the simplistic answers will provide you with the confidence to know that investing in the fixed income bond market with the guidance of proven experts such as ourselves will be of a benefit to you regardless of your investment objectives.

FREQUENTLY ASKED QUESTIONS

BONDS FAQ

If my objective is the preservation of capital why should I invest in bonds? **Q.**

If you invest in bonds you can preserve capital, find exemptions from taxes on your existing investments and build an income stream. **A.**

What are bonds? **Q.**

Bonds are a promise to pay a specified rate of interest during the life of the bond based on the principal or the amount you loaned the issuer. The issuer could be the government, a municipality, or a corporation. **A.**

How do bonds work and why are they good for me as well as my surroundings? **Q.**

Bonds pay interest semiannually, therefore providing a steady income stream. By purchasing a bond you are helping your community grow and become better by providing the funds that a government, municipality or a corporation need to develop further, but you also capture income from your investment. **A.**

What benefits do bonds provide for me over other investments? **Q.**

Bonds provide you with interest income, and help to preserve your capital investment. **A.**

How are bonds a better investment for my objective than stocks? **Q.**

Whatever your objective is, bonds are a good investment for saving for your children's college education, increasing your income, saving for retirement or planning for retirement. You should always speak to a qualified financial advisor or broker to better determine which bonds are right for you. **A.**

FREQUENTLY ASKED QUESTIONS

What are the risk of investing in bonds? **Q.**

All investments have some risk, for bonds the risks include; Price- which are based on interest rates, supply and demand, maturity and tax status. There is always the typical price and yield fluctuations of the market as with any investment, and lastly, there is always a risk of a default, drop in credit ratings, or change in insurance. **A.**

I have heard a lot about insurance, particularly over the last few years. Is insurance good, and how do you know? **Q.**

Insurance enhances the credit quality of the bonds, Insured bonds get the same credit rating as the corporate rating of the insurer. Insurance guarantees the timely payment of principal and interest on bonds. To know which insurance is right for your objective you should seek the advice of an expert in the bond market such as ourselves. **A.**

What is the likelihood of a bond being “called” before maturity? **Q.**

Calls can occur meaning that a bond can be redeemed before the maturity date usually when the interest rates have dropped from the time of the bond issue. You should always ask if there is a call provision before buying bonds. **A.**

How does yield to maturity correlate with the price? **Q.**

When prices rise, yields fall, or when prices fall yields rise. **A.**

What are junk bonds? **Q.**

Anything with less than a BBB rating or not rated. **A.**

What is my taxable equivalent yield with purchasing bonds? **Q.**

Experts in the bond market such as ourselves have formulas that can be calculated to get your taxable yield, this is why you should always seek the advice of an expert. **A.**

I have children and/ or grandchildren that will need money for college, what is the best route? **Q.**

We believe in a zero coupon bond purchase ladder, please call us for details. **A.**

Who should be investing in bonds? **Q.**

Whether you are just starting out in your career or are already retired bonds should be a part of your investment portfolio. **A.**

When is the best time to invest in bonds, and how should I start? **Q.**

There is always value in bonds, the key is to know who to talk to. We would like to **A.**
provide our expertise to you in order to help you start building your income stream from
bonds right away.

Have any questions not addressed here?
Submit your questions [here](#) and read our
up to date blog on chasingyields.com

**OR TALK TO A SPECIALIST AT:
866.664.4040**