Maturity Risk Premium

Maturity risk premium refers to the extra return an investor in a bond receives because of the interest rate risk inherent in that bond. Bonds with longer maturity will have greater maturity risk.

If interest rates did not change at all, there would be no such thing as maturity risk. But interest rates do change. And if interest rates rise, bonds with longer maturities will be hurt more severely than bonds with shorter maturities. All bonds have a maturity risk premium that is dependent on the maturity of the bond in question.