

# Saver's Credit

## Tax Credit to Save for Retirement

The Saver's Credit was established to help low- to moderate- income earners save for retirement by providing an additional credit toward tax liability on top of existing retirement savings incentives.

### Who can claim the Saver's Credit?

Any person who:

- is 18 years of age or older;
- is not a full-time student;
- is not claimed as a dependent;
- has a qualifying Adjusted Gross Income\* (AGI); and
- Contributes to a(n):
  - 401(k) plan;
  - 403(b) plan;
  - 457 plan;
  - IRA; or
  - Roth IRA

\*See Saver's Credit Chart

### How does it work?

If you meet the above requirements, calculate what your Saver's Credit might be by following the example and worksheet below or by completing IRS [Form 8880](#).

### Example

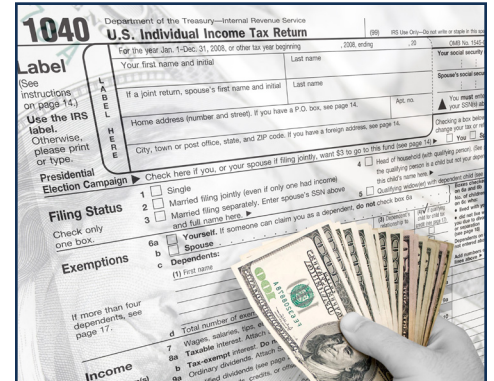
Bill makes \$28,000 this year, assuming he contributes \$100 per month into his 401(k) account (\$1,200 per year) his AGI will lower to \$26,800. Bill files his taxes as Head of Household. Using the Saver's Credit chart on the right, based on Bill's AGI he could qualify for a credit rate of 50% of contributions up to a maximum of \$1,000. Based on these assumptions his Saver's Credit would calculate to be \$600 (see below).

| Steps   | Example                            | Your Saver's Credit |
|---|------------------------------------|---------------------|
| 1. Tax Filing Status  | Head of Household                  |                     |
| 2. Adjusted Gross Income (AGI)  | (\$28,000 - \$1,200 =)<br>\$26,800 |                     |
| 3. Credit Rate (See Saver's Credit Chart)                                 | 50%                                |                     |
| 4. Eligible Contributions   | \$1,200                            |                     |
| 5. Calculate your Saver's Credit<br>(credit rate x eligible contribution) | (50% x \$1,200 =)<br><b>\$600</b>  |                     |

### Where do I start?

Start contributing into your retirement savings plan today. If you are already contributing, determine if you qualify for the tax credit, and if so include IRS [Form 8880](#) with your annual federal income tax return.

Find out more information about the Saver's Credit by visiting [www.irs.gov](http://www.irs.gov) or contacting a professional tax advisor.



### What's in it for me?

- Lower your AGI
- Per paycheck tax-deferred savings
- Tax Credit
- Income in Retirement

### 2024 Saver's Credit Chart

| Adjusted Gross Income                     | Credit Rate | Max Saver's Credit |
|---|-------------|--------------------|
| <b>Single / Married Filing Separately</b> |             |                    |
| \$0 to \$23,000                           | 50%         | \$1,000            |
| \$23,001 to \$25,000                      | 20%         | \$400              |
| \$25,001 to \$38,250                      | 10%         | \$200              |
| <b>Head of Household</b>                  |             |                    |
| \$0 to \$34,500                           | 50%         | \$1,000            |
| \$34,501 to \$37,500                      | 20%         | \$400              |
| \$37,501 to \$57,375                      | 10%         | \$200              |
| <b>Married Filing Jointly</b>             |             |                    |
| \$0 to \$46,000                           | 50%         | \$2,000            |
| \$46,001 to \$50,000                      | 20%         | \$800              |
| \$50,001 to \$76,500                      | 10%         | \$400              |

Please Note: This information is provided solely for educational purposes and is not to be construed as tax advice. Prior to acting on this information, we recommend that you seek independent advice specific to your situation from a qualified legal/tax professional.

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