

Understanding

Retirement Saver's Credit

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

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 = \$26,800	
3. Credit Rate*	50%	
4. Eligible Contributions	\$1,200	
5. Calculate your Saver's Credit (credit rate x eligible contribution)	50% x \$1,200 = \$600	

* See Saver's Credit Chart

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
Single/married filing separately		
\$0 to \$23,000	50%	\$1,000
\$23,001 to \$25,000	20%	\$400
\$25,001 to \$38,250	10%	\$200
Head of household		
\$0 to \$34,500	50%	\$1,000
\$34,501 to \$37,500	20%	\$400
\$37,501 to \$57,375	10%	\$200
Married filing jointly		
\$0 to \$46,000	50%	\$2,000
\$46,001 to \$50,000	20%	\$800
\$50,001 to \$76,500	10%	\$400

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 by visiting [IRS.gov](#) or contacting a professional tax advisor.

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.