

RETIREMENT SAVINGS CONTRIBUTIONS CREDIT (Saver's Credit)

FIND OUT IF YOU ARE ELIGIBLE TO REDUCE YOUR TAX BILL

The Retirement Savings Contribution Credit – the “saver’s credit” for short - is an underutilized tax break that many eligible individuals fail to claim. Despite its potential to significantly reduce tax bills for low- to moderate-income earners, a notable portion of those who qualify do not take advantage of it. This credit is designed to encourage retirement savings by offering a tax incentive for contributions to eligible retirement accounts such as IRAs and 401(k)s.

It is a nonrefundable tax credit worth up to \$1,000 (\$2,000 if married filing jointly).

Individuals who meet the following criteria are eligible:

- You're age 18 and older,
- You're not claimed as a dependent on another person's tax return, and
- You're not a student.

But that doesn't necessarily mean you get it: You must also make a retirement plan or IRA account contribution and fall under maximum adjusted gross income caps the IRS sets each year (see below).

2023 Saver's Credit

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$43,500	AGI not more than \$32,625	AGI not more than \$21,750
20% of your contribution	\$43,501 - \$47,500	\$32,626 - \$35,625	\$21,751 - \$23,750
10% of your contribution	\$47,501 - \$73,000	\$35,626 - \$54,750	\$21,751 - \$23,750
0% of your contribution	more than \$73,000	more than \$54,750	more than \$36,500

2024 Saver's Credit

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$46,000	AGI not more than \$34,500	AGI not more than \$23,000
20% of your contribution	\$46,000 - \$50,000	\$34,501 - \$37,500	\$23,001 - \$25,000
10% of your contribution	\$50,000 - \$76,500	\$37,501 - \$57,375	\$25,001 - \$38,250
0% of your contribution	more than \$76,500	more than \$57,375	more than \$38,250

*Single, married filing separately, or qualifying widow(er)

Example: Tommy who works in retail. He's married and earned \$39,000 in 2023. Tommy's spouse was unemployed and had no earnings in 2023. Tommy contributed \$3,000 to his IRA this year. After deducting this IRA contribution, the adjusted gross income shown on his married filing jointly return is \$36,000. Tommy is eligible to claim a 50% credit of \$1,500 for his \$3,000 IRA contribution on her 2023 tax return.

Important Detail

- You must file IRS Form 8880, Credit for Qualified Retirement Savings Contributions, to determine the exact credit rate and amount applicable to you.

Sources: IRS.gov and MutualofAmerica.com

To learn more, contact Adams Brown Wealth Consultants at 620.663.5659
or visit www.AdamsBrownWC.com.