Retirement Savers Credit

Saving for retirement isn't always easy, especially when everyday expenses like rent and groceries take priority. But there's a valuable tax benefit that could make it more appealing: the Saver's Credit.

What is the Saver's Credit?

The Retirement Saver's Credit is a **non-refundable tax credit** available to eligible individuals who contribute to an employer-sponsored retirement plan. It offers an additional incentive for low- to moderate-income earners to save for retirement—on top of the usual tax advantages. If you qualify, this credit can reduce or even eliminate your tax bill.

How Much Can It Save Me?

Depending on your **Adjusted Gross Income (AGI)** and filing status, you may be eligible to claim **10%, 20%, or 50%** of the first **$1,000** you contribute to a retirement account during the year. For a married couple filing jointly, the maximum credit is **$2,000**.

Which Retirement Accounts Qualify?

- 401(k), 403(b), 457 plans



How Much Should You Contribute?

Who Is Eligible?

To qualify, you must:

- Be **18 or older**
- Not be a **full-time student**
- Not be claimed as a **dependent** on someone else's tax return
- Have made a **retirement contribution** during the tax year
- Meet the income requirements:
  - Up to **$79,000** for married couples filing jointly
  - Up to **$59,250** for heads of household
  - Up to **$39,500** for all other filers

How Do I Claim the Credit?

Use **IRS Form 8880**, *Credit for Qualified Retirement Savings Contributions*, when filing your tax return.

Additional Notes

- **Rollover contributions** do not qualify.
- The credit is **non-refundable**, meaning it can't reduce your tax liability below zero.
- Recent **distributions** from your retirement plan or IRA may reduce the credit.
- The Retirement Saver's Credit can be a **double tax benefit**—you may also qualify for a deduction on your retirement contribution.

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