

# Saver's Tax Credit



**Did you know contributing additional dollars for retirement may reduce your taxes?**

Did you know contributing to either a 403(b) or 457 (Deferred Compensation) retirement plan may significantly reduce your taxes? **Low and moderate income employees** who make *voluntary* contributions to an employer sponsored retirement plan or individual retirement arrangement (IRA) may qualify for a “Saver’s Tax Credit” of up to \$1,000 per individual (\$2,000 if filing jointly).

Eligibility and the amount of the credit are determined by *filing status* and *adjusted gross income* (AGI).

## FILING STATUS/ADJUSTED GROSS INCOME LIMITS FOR 2017

CREDIT RATE	JOINT	HEAD OF HOUSEHOLD	SINGLE
50%	\$0 to \$37,000	\$0 to \$27,750	\$0 to \$18,500
20%	\$37,001 to \$40,000	\$27,751 to \$30,000	\$18,501 to \$20,000
10%	\$40,001 to \$62,000	\$30,001 to \$46,500	\$20,001 to \$31,000

For example, a couple filing a joint return with an AGI of \$37,000 or less is eligible for the 50% rate. If both contributed \$2,000 (or more) to a qualified plan, both would receive the maximum \$1,000 Saver’s Credit. If their AGI was a bit higher at \$38,000, they move to the 20% bracket and both would receive a \$400 credit.

Don’t confuse tax “credits” with “deductions.” A *deduction* reduces the amount of your taxable income and you pay taxes on the remaining income at a percentage based on the IRS tax brackets. A *credit* reduces the final amount of taxes you owe dollar for dollar and provides *significantly* better savings. Even better, contributions made to a 403(b) or Deferred Compensation account will reduce your AGI and may help you qualify for a higher Saver’s Tax Credit.