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 2019

CREDIT RATE	JOINT	HEAD OF HOUSEHOLD	SINGLE
50%	$0 to $38,500	$0 to $28,875	$0 to $19,250
20%	$38,501 to $41,500	$28,876 to $31,125	$19,251 to $20,750
10%	$41,501 to $64,000	$31,126 to $48,000	$20,751 to $32,000

For example, a couple filing a joint return with an AGI of $38,500 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 $40,000, 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.