



IRS SAVERS TAX CREDIT

Making a tax-deductible contribution to a retirement plan (such as a 401(k), 403(b) or governmental 457(b) plan), or to an IRA, SIMPLE IRA, or salary reduction SEP, could mean even more tax savings for qualified individuals who meet certain requirements. The *Saver's Credit* is a federal tax credit worth up to \$1,000 for single filers and \$2,000 for married joint filers that is designed to make it easier for low- and middle- income individuals and families to increase their retirement nest egg.



HOW DOES IT WORK?

The easiest way to determine whether you qualify for the Saver's Credit is to examine the chart below. The numbers in the first three columns are modified adjusted gross income ("AGI") categories. Modified AGI is your income adjusted and modified by certain items and is explained in *Internal Revenue Service Publication 590*, which is also a useful source for more information about the Saver's Credit, especially as it applies to IRAs. This publication is available on the IRS website at: www.irs.gov. **You should also discuss any tax questions with your legal or tax advisors.** Once you have determined your modified AGI and have identified which of the Applicable Percentages will apply (in the last column), the size of the credit can be determined.

Saver's Tax Credit Table for 2018

Modified AGI			
Married Filing Jointly	Head of Household	All Others (including Single)	Applicable Percentage
0—\$38,000	0 - \$28,500	0 - \$19,000	50%
\$38,001 - \$41,000	\$28,501 - \$30,750	\$19,001 - \$20,500	20%
\$41,001 - \$63,000	\$30,751 - \$47,250	\$20,501 - \$31,500	10%
\$63,001+	\$47,251+	\$31,501 +	0%

Let's take an example for a single individual who has a modified AGI of \$20,000 and makes a contribution to her 401(k) of \$1,000 in 2018. The amount of the Saver's Credit is \$1,000 x .20%, or \$200. If the same individual's modified AGI were less than \$19,000, the Saver's Credit on her \$1,000 contribution would be \$1,000 x 50%, or \$500. the maximum amount of contributions that can be considered is \$2,000 in a single tax year.