

Saver's tax credit guide

10% to 50% credit when you save for retirement

Like store discounts reward you for buying, this tax credit rewards you for saving

A store sometimes offers a discount for buying clothing, food or other items. Likewise, the government gives discounts when you save for retirement if you are within a certain income range and meet other eligibility requirements.*

Called the Saver's Tax Credit, this discount applies to the first \$2,000 (\$4,000 for married couples) you contribute to a retirement plan. See the table below to see if you qualify.

An example

Monica, a single adult, filing her 2020 taxes

Annual salary: \$25,000 a year

Contribution to retirement plan: \$1,500 (\$29/week)

Tax credit from IRS: 10% discount on her tax return

Benefit: \$150 kept in her pocket rather than paid in federal taxes



2020 income levels

Joint Filers	Heads of Household	All other Filers	Credit Rate
\$0 - \$39,000	\$0 - \$29,250	\$0 - \$19,500	50%
\$39,001 - \$42,500	\$29,251 - \$31,875	\$19,501 - \$21,250	20%
\$42,501 - \$65,000	\$31,876 - \$48,750	\$21,251 - \$32,500	10%
Over \$65,000	Over \$48,750	Over \$32,500	0%

How to receive your tax credit

If you meet the income guidelines, take five minutes to fill out the Tax Form 8880, *Credit for Qualified Retirement Savings Contributions*. Then send this completed form with your regular tax forms when you file your taxes for 2020. Congratulations! You're done.

Plan now

Save more in 2021 and take advantage of the tax credit in the future.

2021 income levels

Joint Filers	Heads of Household	All other Filers	Credit Rate
\$0 - \$39,500	\$0 - \$29,625	\$0 - \$19,750	50%
\$39,501 - \$43,000	\$29,626 - \$32,250	\$19,751 - \$21,500	20%
\$43,001 - \$66,000	\$32,251 - \$49,500	\$21,501 - \$33,500	10%
Over \$66,000	Over \$49,500	Over \$33,500	0%

*You must be at least 18 years old, not a full-time student and not be claimed as a dependent on another taxpayer's income tax return.

This material is intended to provide general information. It is not intended as legal or tax advice. Please consult your tax attorney or accountant on specific questions related to your situation. Data source: www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit.

