

Get Credit for Your Retirement Savings Contributions

You may be eligible for a tax credit if you make eligible contributions to an employer-sponsored retirement plan or to an individual retirement arrangement. Here are six things the IRS wants you to know about the Savers Credit:

1. ***Income Limits*** The Savers Credit, formally known as the Retirement Savings Contributions Credit, applies to individuals with a filing status and income of:

- * Single, married filing separately, or qualifying widow(er), with income up to \$27,750

- * Head of Household with income up to \$41,625

- * Married Filing Jointly, with incomes up to \$55,500

2. ***Eligibility requirements*** To be eligible for the credit you must have been born before January 2, 1992, you cannot have been a full-time student during the calendar year and cannot be claimed as a dependent on another person's return.

3. ***Credit amount*** If you make eligible contributions to a qualified IRA, 401(k) and certain other retirement plans, you may be able to take a credit of up to \$1,000 or up to \$2,000 if filing jointly. The credit is a percentage of the qualifying contribution amount, with the highest rate for taxpayers with the least income.

4. ***Distributions*** When figuring this credit, you generally must subtract the amount of distributions you have received from your retirement plans from the contributions you have made. This rule applies to distributions received in the two years before the year the credit is claimed, the year the credit is claimed, and the period after the end of the credit year but before the due date - including extensions - for filing the return for the credit year.

5. ***Other tax benefits*** The Retirement Savings Contributions Credit is in addition to other tax benefits which may result from the retirement contributions. For example, most workers at these income levels may deduct all or part of their contributions to a traditional IRA. Contributions to a regular 401(k) plan are not subject to income tax until withdrawn from the plan.

6. ***Forms to use*** To claim the credit use Form 8880, Credit for Qualified Retirement Savings Contributions.