

Sample article for organizations and employers to use to reach customers

Customize and provide the following article in your communication vehicles for employees and individual taxpayers.

Retirement contributions may qualify you for the Saver's Credit

Did you know that you may qualify for the Saver's Credit of up to \$1,000 (\$2,000 if filing jointly) for making eligible contributions to an employer-sponsored retirement plan or an individual retirement arrangement (IRA)? Unlike a deduction, a credit is a dollar-for-dollar reduction of your federal income tax liability and can reduce the amount you owe or increase your federal income tax refund!

Are you eligible for the credit?

To claim the Saver's Credit, you must be:

1. Age 18 or older;
2. Not a full-time student;
3. Not claimed as a dependent on another person's return; and
4. With an adjusted gross income of not more than:
 - \$56,500 if your filing status is married filing jointly (for 2011; \$57,500 for 2012),
 - \$42,375 if your filing status is head of household (for 2011; \$43,125 for 2012), or
 - \$28,250 if your filing status is single, married filing separately, or qualifying widow(er) (for 2011; \$28,750 for 2012).

Are your contributions eligible for the credit?

Eligible contributions include:

1. contributions to a traditional or Roth IRA, and
2. salary reduction contributions (including voluntary after-tax and designated Roth contributions) to most employer-sponsored retirement plans.

Rollover contributions aren't eligible for the Saver's Credit, and your eligible contributions for the credit may be reduced by any recent distributions you received from an employer-sponsored retirement plan or an IRA.

Amount of the credit

The amount of the credit you can get is based on the contributions you make and your credit rate. Your credit rate can be as low as 10% or as high as 50%, depending on your income and your filing status.

Remember to complete [Form 8880](#), *Credit for Qualified Retirement Savings Contributions*, to determine if you qualify for the Saver's Credit on your 2011 tax return and plan ahead to claim the credit on your 2012 tax return.

NOTE TO EDITOR: Below are helpful resources on the Saver's Credit on IRS.gov.

- [Publication 4703](#), *Retirement Savings Contributions Credit* – explains eligibility rules to claim the credit and credit rates.
- [Publication 590](#), *Individual Retirement Arrangements (IRAs)* – explains the Saver's Credit for eligible contributions to employer-sponsored retirement plans as well as to traditional and Roth IRAs.
- [Form 8880](#), *Credit for Qualified Retirement Savings Contributions* – use the form and instructions to determine your eligibility and the amount of your credit.