Sample article for organizations and employers (418 word count)

Customize and include the following article in your communication vehicles for your customers, members and employees on how IRAs can help save for retirement.

You May Get a Saver's Credit for Contributing to an IRA

Individual Retirement Accounts are a simple and helpful way to save for your retirement. You may also qualify to take the Saver's Credit for contributing to IRAs. Remember, you have **until April 17, 2012,** to contribute to your traditional and Roth IRAs and still claim the credit on your 2011 tax return. You can contribute for 2012 until April 15, 2013.

You may qualify for the Saver's Credit, also known as the Retirement Savings Contribution Credit, of up to $1,000 ($2,000 if filing jointly) for making eligible IRA contributions if your adjusted gross income is not more than:

- $56,500 in 2011 ($57,500 in 2012) and your filing status is married filing jointly;
- $42,375 in 2011 ($43,125 in 2012) and your filing status is head of household; and
- $28,250 in 2011 ($28,750 in 2012) and your filing status is married filing separately or single.

Contribution Limits

For 2011 and 2012, you may be able to contribute to a traditional or Roth IRA the smaller of:

- $5,000 ($6,000 if you are age 50 or older), or
- your taxable compensation for the year.

This is the most that you can contribute regardless of whether the contributions are to one or more traditional or Roth IRAs, or all or part of the contributions are nondeductible.

However, other factors may limit or eliminate your ability to contribute to an IRA. For example, you cannot make regular contributions to a traditional IRA for a year if you are age 70½ or older during the year. Your modified adjusted gross income may also affect the amount you can contribute to IRAs. Additionally, for 2011 and 2012, if you file a joint return and have compensation less than that of your spouse, the most that can be contributed to your IRA for the year is the smaller of:

- $5,000 ($6,000 if age 50 or older), or
- the combined taxable compensation of you and your spouse for the year, reduced by the amount of contributions to your spouse's IRAs for the year.

Deduction Limits

Only contributions to traditional IRAs can be deducted on your income tax return. If you or your spouse were covered for any part of the year by an employer retirement plan, the amount of traditional IRA contributions that you can deduct depends on your income and your tax filing status for the year.

You can use the IRS 2011 and 2012 IRA Contribution and Deduction Limits charts to determine your maximum IRA contribution and deduction limits.

NOTE TO EDITOR: Below are helpful resources on retirement topics on IRS.gov:

- IRA Resources – information on contribution and deduction limits, rollovers, tax on distributions and beneficiaries.
- Retirement Plans FAQs regarding IRAs – answers about contributing to traditional and Roth IRAs, transferring money, loans, investments and more.
- Publication 590, *Individual Retirement Arrangements (IRAs)* – information on traditional and Roth IRAs, including contribution and deductions limits.
- Retirement Savings Contributions Credit (Saver's Credit) – information about the amount of the credit, who may take the credit and the type of retirement savings contributions that qualify for the credit.
- Publication 17, *Your Federal Income Tax* – general rules for filing 2011 tax returns.