

 News Release

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Get Ready for Taxes: Save for Retirement Now, Get a Tax Credit Later; Saver's Credit Helps Low-, Moderate-Income Workers

Note to Editor: This is the second in a series of reminders to help taxpayers get ready for the upcoming tax filing season.

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WASHINGTON — The Internal Revenue Service reminds low- and moderate-income workers to plan now to earn a credit on their 2017 tax return. A special tax break can help people with modest incomes save for retirement. It's called the Saver's Credit and it could mean up to a 50 percent credit for the first \$2,000 a taxpayer contributes to a retirement plan.

Also known as the [Retirement Savings Contributions Credit](#), the Saver's Credit helps offset part of the amount workers voluntarily contribute to a traditional or Roth IRA, a 401(k) or 403 (b) plan, and similar workplace retirement programs.

Taxpayers with an IRA have until the due date of their 2017 return (April 17, 2018) to contribute to the plan and still have it qualify for 2017. However, contributions (elective deferrals) to an employer-sponsored plan must be made by the end of the year to qualify for the credit. Employees who are unable to set aside money for this year may want to schedule their 2018 contributions soon so their employer can begin withholding them in January.

The Saver's Credit can be claimed by:

- Married couples filing jointly with incomes up to \$62,000 in 2017 or \$63,000 in 2018
- Heads of Household with incomes up to \$46,500 in 2017 or \$47,250 for 2018
- Singles and married individuals filing separately with incomes up to \$31,000 in 2017 or \$31,500 in 2018

To qualify for the credit, a person must be:

- Age 18 or older
- Not a full-time student
- Not claimed as a dependent on another person's tax return

Like other tax credits, the Saver's Credit can increase a taxpayer's refund or reduce the amount of tax owed. Though the maximum Saver's Credit is \$1,000 (\$2,000 for married couples), the IRS cautioned that it is often much less and may be zero for some taxpayers.

The [amount of the credit](#) is based on filing status, income, overall tax liability and the amount contributed to a qualifying retirement plan. It may also be impacted by other credits and deductions or reduced by any recent distributions from a retirement plan.

To claim the Saver's Credit, taxpayers must complete [Form 8880](#) and attach it to their tax return. Form 8880 cannot be used with the 1040EZ.

In tax year 2015, the most recent year for which complete figures are available, Saver's Credits totaling nearly \$1.4 billion were claimed on more than 8.1 million individual income tax returns.

The Saver's Credit can also add to other tax benefits available to people who contribute to their retirement; for example, most workers can also deduct contributions to a traditional IRA.