

Get Credit for Retirement Savings Contributions

If you make eligible contributions to an employer-sponsored retirement plan or to an individual retirement arrangement, you may be able to take a tax credit.

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

- Single with income up to \$26,500
- Head of Household with income up to \$39,750
- Married Filing Jointly, with incomes up to \$53,000

To be eligible for the credit you must be at least age 18, not a full-time student, and cannot be claimed as a dependent on another person's return.

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.

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 for distributions starting two years before the year the credit is claimed and ending with the filing deadline for that tax return.

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 Contributions to a regular 401(k) plan are not subject to income tax until withdrawn from the plan.

For more information, review IRS Publication 590, Individual Retirement Arrangements, Publication 4703, Retirement Savings Contributions Credit and Form 8880, Credit for Qualified Retirement Savings Contributions. The publications and form can be downloaded at IRS.gov or ordered by calling 800-TAX-FORM (800-829-3676).

Links:

- Form 8880, Credit for Qualified Retirement Savings Contributions ([PDF 46K](#))
- Form 1040, U.S. Individual Income Tax Return ([PDF 176K](#))
- Form 1040A, U.S. Individual Income Tax Return ([PDF 136K](#))
- Publication 590, Individual Retirement Arrangements (IRAs) ([PDF 449K](#))
- [Tax Topic 610](#)