



Saver's Tax Credit for the 2023 Tax Year

Millions of working Americans are missing out on a valuable tax credit – The IRS' Retirement Savings Contribution Credit or Saver's Tax Credit. The 18th Annual Transamerica Retirement Survey found that 72 percent of women are unaware of the credit. The Saver's Tax Credit is available to low- to moderate- income workers who are saving for retirement and it is effectively a federal match for retirement contributions. But only one in four workers potentially eligible to claim it are aware of it.

Who can claim the credit?

In 2023, you **can** claim the credit if you are:

- Age 18 or older
- Not claimed as a dependent on another person's return
- Not a full-time student
- A married couple filing jointly with incomes up to \$73,000
- A Head of Household with income up to \$54,750
- A married individual filing separately and singles with incomes up to \$36,500

How does the credit work?

The amount of the credit depends on your income and your IRS filing status; the lower your income, the greater the credit rate you are eligible for. If you are eligible, the amount of tax credit is 50%, 20% or 10% of your retirement plan or IRA contributions up to \$2,000 (\$4,000 if married filing jointly), depending on your adjusted gross income (as reported on your Form 1040 or 1040A). Use the IRS Form 8880, *Credit for Qualified Retirement Savings Contributions*, to calculate and claim your credit.

This is a non-refundable credit. If you do not owe taxes, then you will not be eligible for this credit.

Find out more at: www.wiserwomen.org

-  Like us on Facebook (facebook.com/WISERwomen)
-  Follow us on Twitter (@WISERwomen)
-  Connect with us on LinkedIn

Example

Jill, who works at a retail store, is married and earned \$40,000 in 2022.

Jill's husband was unemployed in 2022 and didn't have any earnings.

Jill contributed \$1,000 to her IRA in 2022. After deducting her IRA contribution, the adjusted gross income shown on her joint return is \$39,000.

Jill may claim a 50% credit, \$500, for her \$1,000 IRA contribution.

For tax year 2023:

Married couples filing jointly can claim:

- 50% credit if the joint income is under \$43,500
- 20% credit if the joint income is between \$43,501 and \$47,500
- And 10% if the joint income is between \$47,501 and \$73,000

Head of Household filing can claim:

- 50% credit for income under \$32,625
- 20% credit for income between \$32,626 and \$35,625
- And 10% if income is between \$35,626 and \$54,750

Single Taxpayers or married taxpayers filing separately, can claim:

- 50% credit for income under \$21,750
- 20% credit for income between \$21,751 and \$23,750
- And 10% if income is between \$23,751 and \$36,500

Which retirement savings contributions are eligible for credit?

- Contributions to a traditional or Roth IRA.
- Salary reduction contributions (including voluntary after-tax and designated Roth contributions) to your employer's 401(k), SIMPLE IRA, SARSEP, 403(b), 501(c)(18) or government 457(b) plan.
- Rollover contributions are not eligible for the Saver's Credit.
- Your eligible contributions may be reduced by any recent distributions you received from a retirement plan or IRA.