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Experiences From the Saver's Credit to Help Inform the New Saver's Match
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History of the Saver's Credit

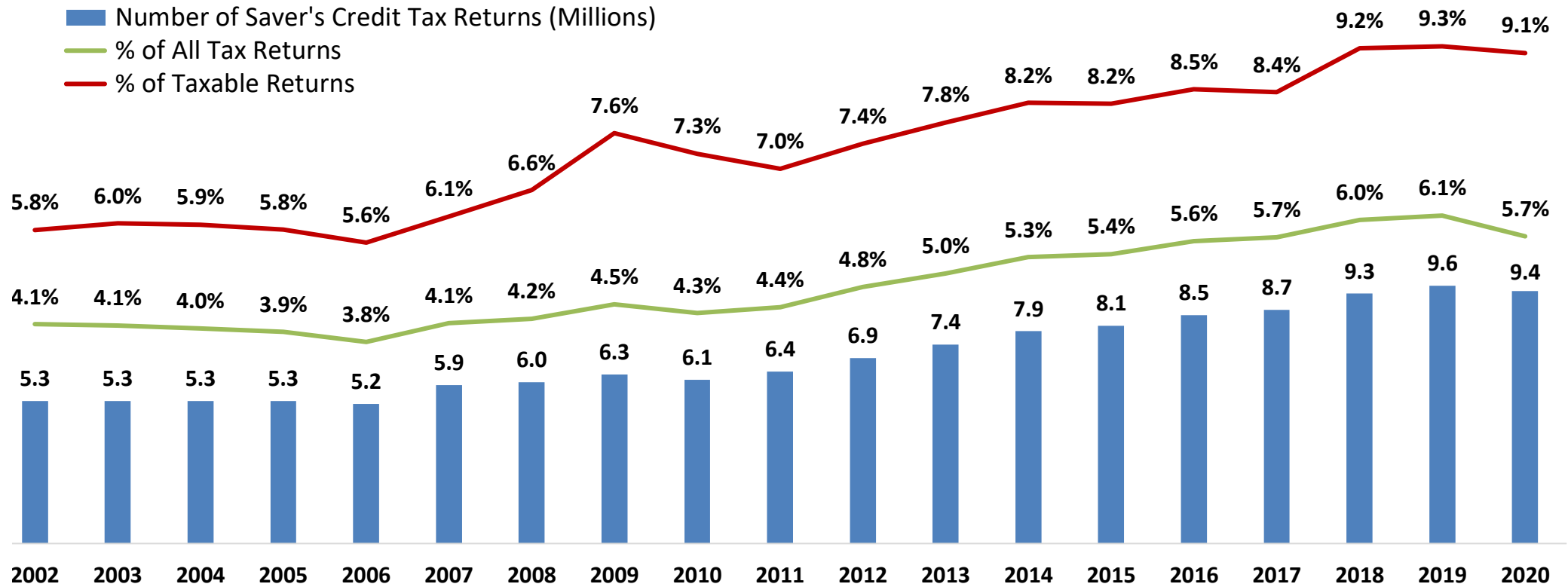
- The Saver's Credit represents the first major legislation focused on promoting tax-qualified retirement savings among low- to moderate-income workers.
- It was established by the Economic Growth and Tax Reconciliation Relief Act of 2001 and made permanent by the Pension Protection Act of 2006, both laws resulting from bipartisan collaborations to improve retirement security.
- Also referred to as the Retirement Savings Contributions Credit by the IRS, the Saver's Credit is a nonrefundable tax credit above and beyond the tax-favored treatment of retirement accounts.
- More than 20 years after its establishment, the Saver's Credit has enjoyed limited success. It likely could have been even more successful with more robust promotion and greater attention to implementation-related details.
- The SECURE 2.0 Act of 2022 replaces the Saver's Credit with a new Saver's Match in 2027, a government matching contribution for lower income retirement savers who meet its eligibility requirements.
- This presentation discusses the experiences of the Saver's Credit that can help inform the implementation of the Saver's Match.

A High-Level Comparison: Saver's Credit Versus Saver's Match

	Saver's Credit (2002 to 2026)	Saver's Match (2027 and Beyond)
Description	<ul style="list-style-type: none"> • A non-refundable tax credit for low to moderate-income retirement savers for contributions of up to a maximum \$2,000 (\$4,000 married filing jointly) • Maximum credit available is \$1,000 (\$2,000 married filing jointly) • Credit amount is calculated based on tiered credit rate structure (i.e., 50%, 20%, 10%, 0%) and a tax filer's AGI • Credit reduces a tax filer's tax liability • Tax filer must have a tax liability 	<ul style="list-style-type: none"> • A government matching contribution for low- to moderate-income retirements savers who make contributions up to a maximum of \$2,000 (\$4,000 married filing jointly) • Maximum match available is \$1,000 (\$2,000 married filing jointly) • Match amount is a straight 50% up to a threshold MAGI and then phases out to a phaseout amount • Match must generally be received in an IRA or retirement plan • Tax filer is eligible regardless of tax liability
Eligible Contributions	<ul style="list-style-type: none"> • Contributions to a traditional or Roth IRA • Salary reduction contributions to a 401(k), 403(b), governmental 457(b), or similar plans • Contributions to an ABLE account by the designated beneficiary 	<ul style="list-style-type: none"> • No Roth contributions • Contributions to a traditional IRA • Salary reduction contributions to a 401(k), 403(b), governmental 457(b), or similar plans • No ABLE account contributions
Income Eligibility Requirements	<ul style="list-style-type: none"> • In 2023, the maximum AGI to be eligible is \$36,500 (single), \$73,000 (married filing jointly). To receive the full 50% credit, the maximum AGI is \$21,750 (single), \$43,500 (married filing jointly) 	<ul style="list-style-type: none"> • Beginning in 2027, the maximum MAGI to receive the full 50% match is \$41,000 for joint filers. The MAGI then phases out to the "phaseout amount" of \$30,000 (equaling \$71,000 total MAGI). The MAGI limits for single filers are ½ of those of married filing jointly.
Other Eligibility Requirements	<ul style="list-style-type: none"> • Must be age 18 or older • Not a full-time student • Cannot be claimed as a dependent on another person's tax return 	<ul style="list-style-type: none"> • Must be age 18 or older • Not a full-time student • Cannot be claimed as a dependent on another person's tax return

 = major difference

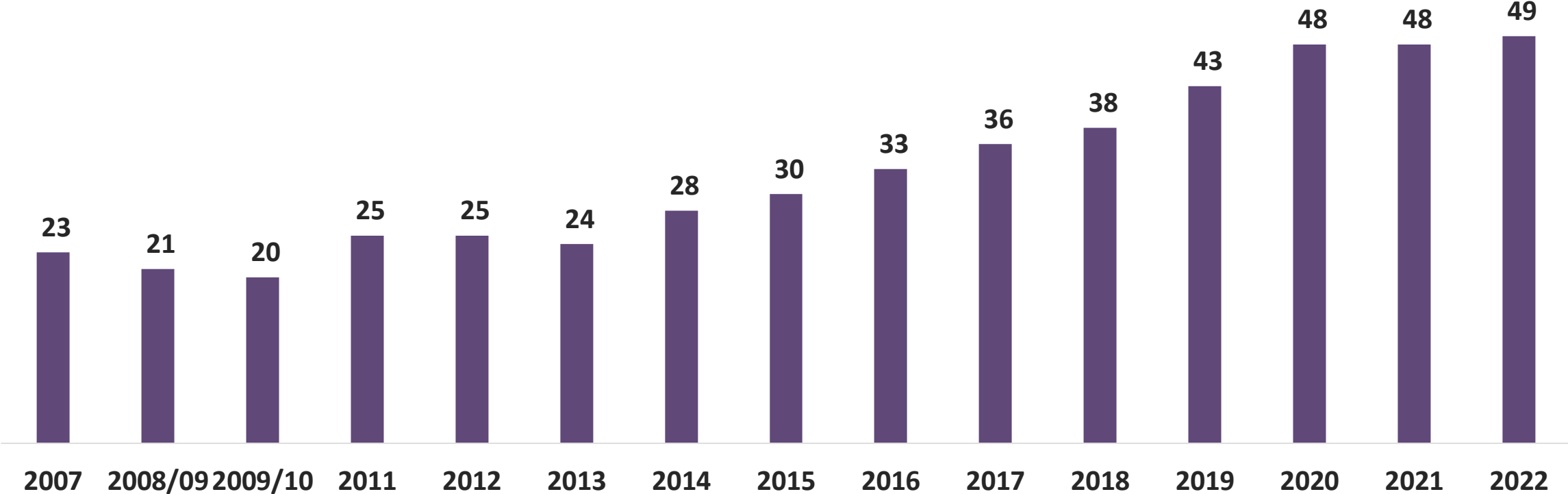
Historical Take-Up Rates of the Saver's Credit



Annual Cost (\$B)	\$1.06	\$1.03	\$1.01	\$0.94	\$0.89	\$0.98	\$0.98	\$1.04	\$1.03	\$1.12	\$1.20	\$1.32	\$1.38	\$1.44	\$1.54	\$1.56	\$1.74	\$1.84	\$1.75
Average Amount	\$199	\$195	\$191	\$178	\$172	\$167	\$164	\$166	\$168	\$175	\$174	\$178	\$174	\$178	\$182	\$180	\$187	\$191	\$186

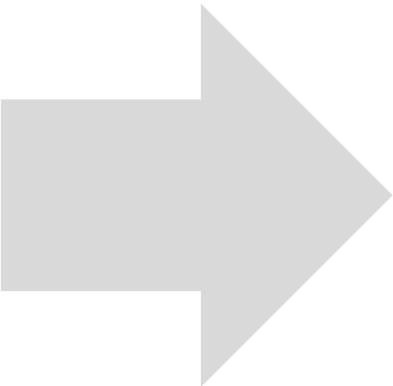
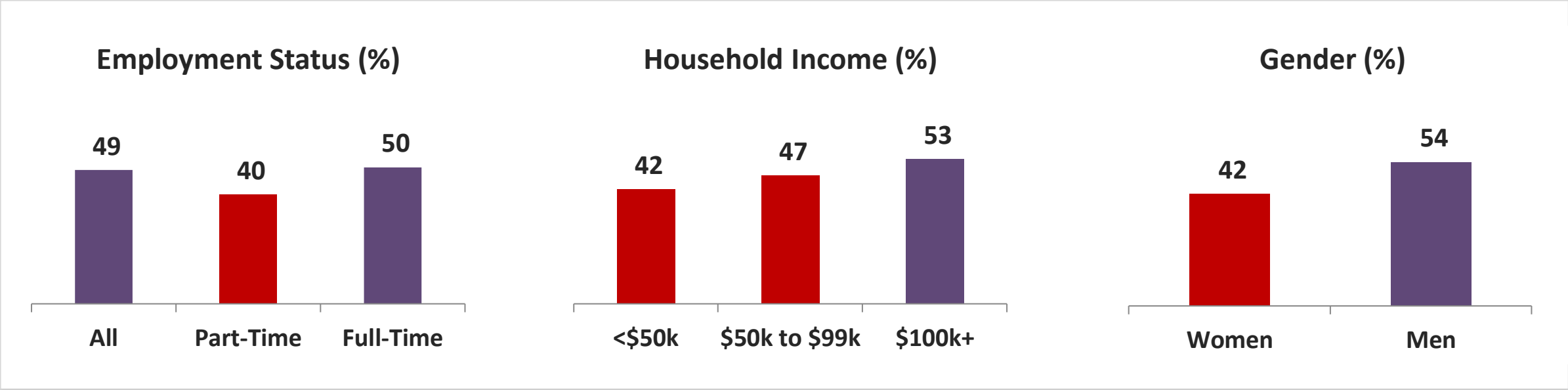
Source: Nonprofit Transamerica Center for Retirement Studies analysis of IRS SOI Data, 2002 to 2020
 Note: The Saver's Credit became available in 2002. The most recently available IRS SOI data is for 2020.

Workers' Awareness of the Saver's Credit (Yes %)



Source: Nonprofit Transamerica Center for Retirement Studies, Annual Retirement Survey of Workers, 2007 to 2020.
Note: For the years 2007 to 2016, the sample base comprised workers of for-profit companies with 10+ employees. In 2017, it was workers of companies with 5+ employees. In 2018 to 2020, it was workers of companies with 1+ employees.

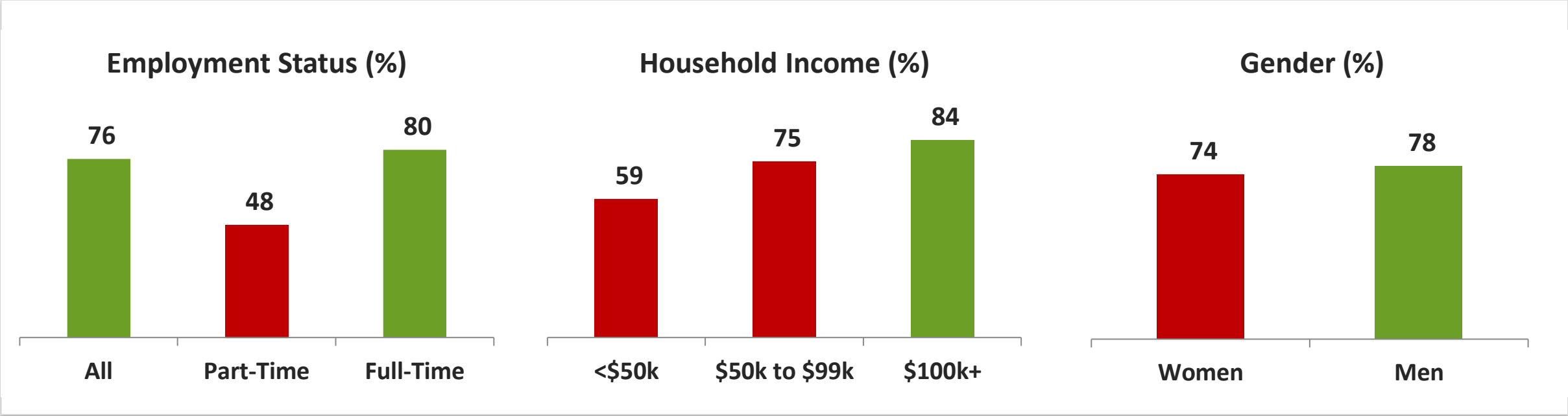
Workers' Awareness of the Saver's Credit (Yes %)



53% of workers who are offered a 401(k) or similar plan are aware of the Saver's Credit, compared with **37%** who are not offered such a plan.

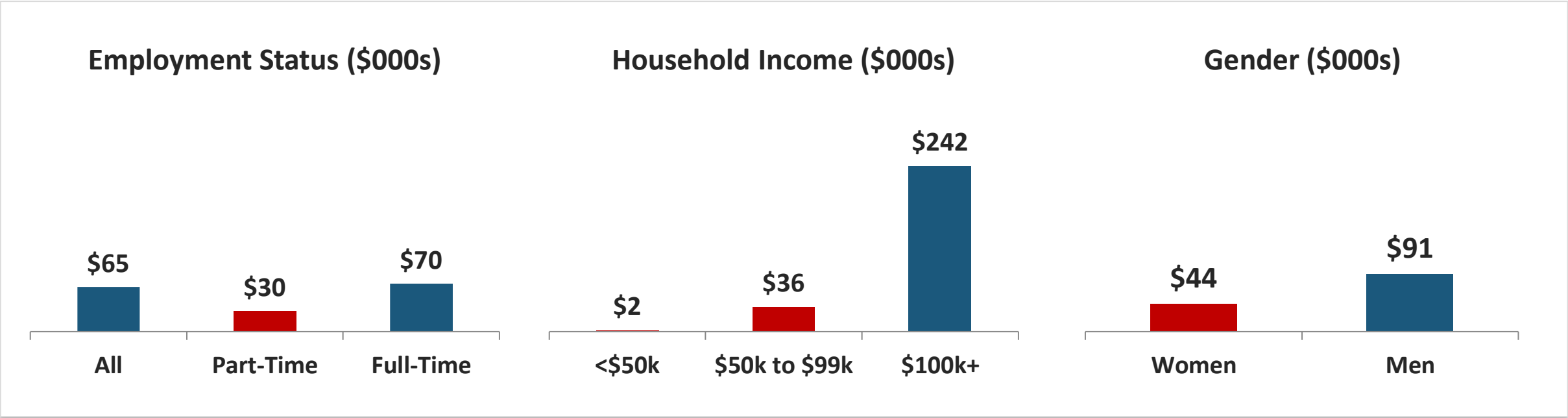
Source: Transamerica Center for Retirement Studies, 23rd Annual Retirement Survey of Workers, 2022

Workers Who Are Offered a 401(k) or Similar Plan By Employer (%)



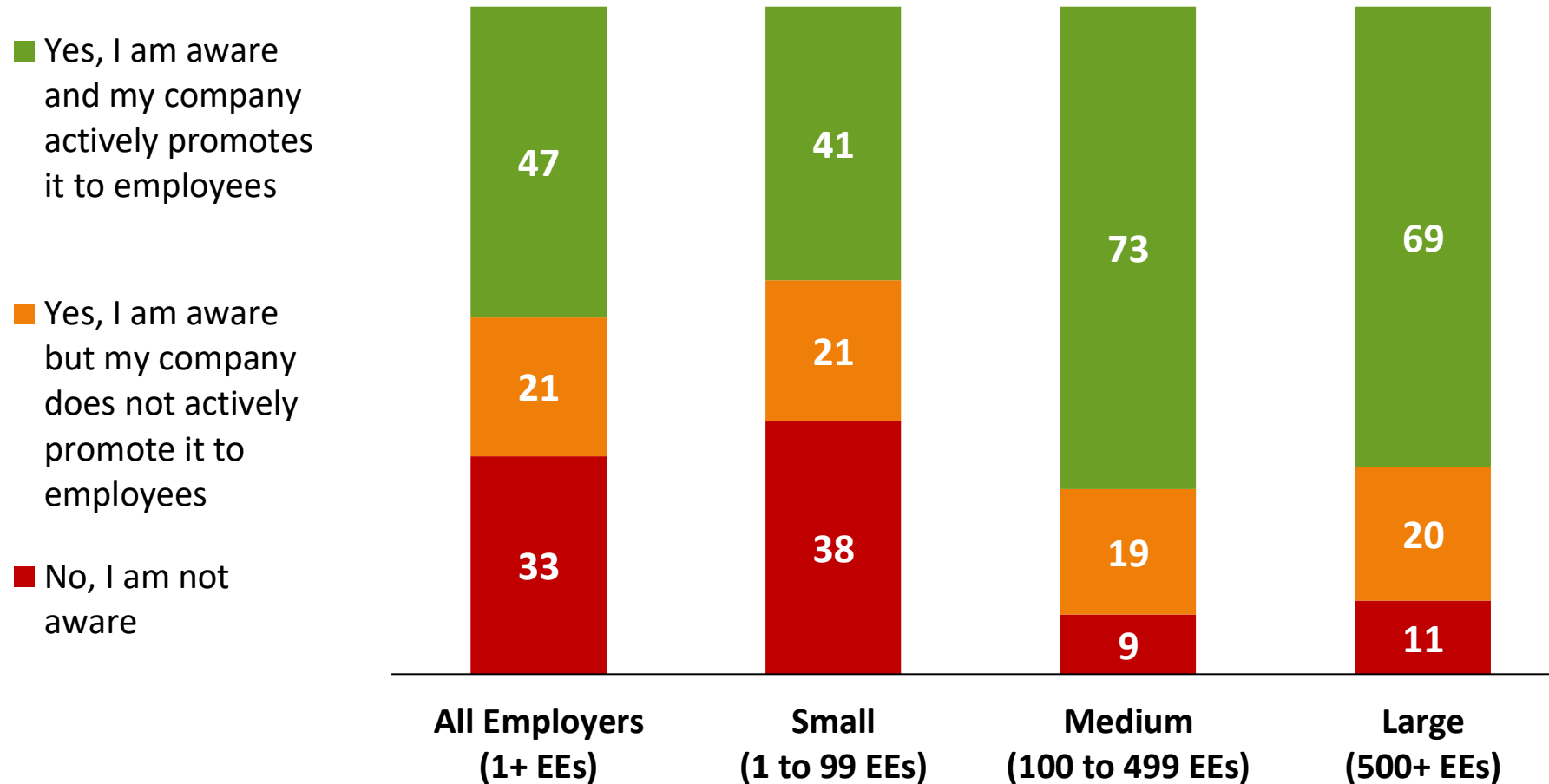
Source: Transamerica Center for Retirement Studies, 23rd Annual Retirement Survey of Workers, 2022

Workers' Total Household Retirement Savings (Estimated Medians)



Source: Transamerica Center for Retirement Studies, 23rd Annual Retirement Survey of Workers, 2022
Note: The estimated medians include respondents who said "none."

Employers' Awareness of the Saver's Credit and Efforts to Promote It (%)



Note: Results may not total to 100% due to rounding.

Source: TCRS, 23rd Annual Retirement Survey of Employers, 2022

Getting Ready for the Saver's Match

Promoting and Raising Awareness of the Saver's Match

- Everyone must play a role in promoting the Saver's Match including policymakers, media, financial services industry, employers, and individuals. A collective effort is needed to maximize impact and ensure success.
- Produce promotional materials and educational content in multiple languages and distribute them through a variety of channels to reach the diverse U.S. population.
- Encourage employers to promote the Saver's Match among their employees.

Critical Success Factors for Implementation of the Saver's Match

- Ensure the administrative and recordkeeping requirements are as simple and easy as possible for both retirement plan providers and workers saving for retirement.
- Relentlessly strive to expand retirement plan coverage so that all workers have the opportunity to save in the workplace. Workers who are most likely to benefit from the Saver's Match are less likely to be offered a plan.
- Address how to handle current Roth-related disconnects (e.g., state programs, messaging).
- Encourage retirement plan sponsors to amend their plans to accept the Saver's Match.
- Define, implement, and report on a robust set of metrics to measure take-up rates and overall success.

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