

Make your retirement savings go further with the Saver's Credit

When you budget and save for retirement, be sure to factor in tax advantages. Making the most of tax benefits in your workplace retirement savings plan can help you save even more.

TAXES—BEFORE OR AFTER

When you participate in a qualified retirement savings plan such as a 401(k), you can choose to have a portion of your paycheck deducted before taxes (pre-tax). If your plan offers a Roth option, contributions are made after taxes are withheld from your paycheck.



Pre-tax

- Defer taxes now to reduce current taxable income, potentially lowering overall tax burden
- Contributions and earnings are taxed when you withdraw in retirement and may be taxed at a lower rate depending on your income at retirement



Roth

- Pay taxes on contributions now
- If you meet certain requirements when you withdraw in retirement, both original contribution (also called basis) and earnings can be tax-free

Understanding these options can lead to greater savings in retirement—and possibly put more money in your pocket now.

EXTRA CREDIT FOR SAVING

The Internal Revenue Service (IRS) offers the Retirement Savings Contributions Credit, also known as the Saver's Credit. This credit offers middle- and lower-income savers an incentive by reducing their tax bill when they contribute to their retirement plan. Understanding this credit can influence your financial strategy before and during retirement.

To qualify for the Saver's Credit, you must contribute to a workplace retirement account and fall under the maximum adjusted gross income (AGI) limits set by the IRS each year. Other criteria include:

- at least 18 years old
- not a full-time student
- not claimed as a dependent on another person's tax return

The credit rate can range from 10% to 50% of your contributions, depending on your income, up to a maximum of \$1,000 for single filers and \$2,000 if you're married and filing jointly.

SAVER'S CREDIT RATES FOR 2024

These AGI thresholds apply to income earned in 2024 and reported on a tax return filed in 2025.

| Tax credit | AGI Married filing jointly | AGI Head of household | AGI Other filers* |
|---------------------|-------------------------------|--------------------------|----------------------|
| 50% of contribution | \$46,000 or below | \$34,500 or below | \$23,000 or below |
| 20% of contribution | \$46,001-\$50,000 | \$34,501-\$37,500 | \$23,001-\$25,000 |
| 10% of contribution | \$50,001-\$76,500 | \$37,501-\$73,750 | \$25,001-\$38,250 |

Example:



MARRIED FILING JOINTLY

AGI: \$68,000

Annual contribution: \$5,440

Tax credit of 10%: \$544



SINGLE FILER

AGI: \$22,500

Annual contribution: \$2,250

Tax credit of 50%: \$1,000**

REMEMBER TAX BENEFITS WHEN PLANNING

Take advantage of the Saver's Credit and other tax benefits. When planning, make sure to factor in income limits and contribution rules. By planning strategically and keeping taxes in mind, you could reduce both your taxable income and current tax load.

Tax laws and limits change. A tax professional can help you navigate tax planning, giving you greater confidence that you're maximizing tax credits and retirement savings.

Learn more

Tap into more resources that can help you prepare for a better future. Visit [Retirement Saving Resources](#).

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*Single, married filing separately, or qualifying widow(er) income limits change yearly. See current adjusted gross income limits at [IRS.gov](https://www.irs.gov).

**Hits the maximum.

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