

About the Retirement Savings Contribution Credit

A taxpayer who makes certain contributions to an employer retirement plan or an individual retirement arrangement (IRA), or to an [Achieving a Better Life Experience \(ABLE\)](#) account of which they are the designated beneficiary, may be able to take a tax credit.

The amount of this so-called saver's credit can be as low as 10% or as high as 50% and is generally based on the contributions made and the adjusted gross income of the taxpayer.

Who is eligible for the credit?

The taxpayer must be:

1. Age 18 or older,
2. Not claimed as a dependent on another person's return, and
3. Not a student.

The taxpayer is considered a student if during any part of 5 calendar months of the tax year they:

- Were enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency.

A school includes technical, trade, and mechanical schools. It does not include on-the-job training courses, correspondence schools, or schools offering courses only through the Internet.

What is the amount of the credit?

The amount of the credit is based on the adjusted gross income (AGI) reported on the tax return. Depending on the AGI, the amount of the credit is 50%, 20% or 10% of:

- contributions you make to a traditional or Roth IRA;
- elective salary deferral contributions to a 401(k), 403(b), governmental 457(b), SARSEP, or SIMPLE plan;
- voluntary after-tax employee contributions made to a qualified retirement plan (including the federal Thrift Savings Plan) or 403(b) plan;
- contributions to a 501(c)(18)(D) plan; or
- contributions made to an ABLE account for which you are the designated beneficiary (beginning in 2018).

What Contributions are Not Eligible for the Credit?

Voluntary contributions made through an employer are listed on **Form W-2** in **Box 12** and are automatically included when the credit is calculated. Certain public employees (such as the Teacher Retirement System in Texas) must make mandatory contributions to retirement accounts. These are generally listed on **Form W-2** in **Box 14** and are **not** eligible for the credit.

Rollover contributions do not qualify for the credit. Eligible contributions may be reduced by any recent distributions received from a retirement plan or IRA, or from an ABLÉ account.

The maximum contribution amount that may qualify for the credit is \$2,000 (\$4,000 if married filing jointly), thus the maximum credit is \$1,000 (\$2,000 if married filing jointly).

For more information, see [Retirement Savings Contributions Credit \(Saver's Credit\)](#) on the IRS website.