

News

Transamerica Center for Retirement Studies®
660 South Figueroa Street, Suite 1980
Los Angeles, CA 90017
Contact: Laurel Hood
lhood@webershandwick.com
952-346-6412

Six in Ten American Workers Aren't Aware of a Valuable Tax Credit Available to Retirement Savers
Transamerica Center for Retirement Studies® Offers Tips on How to Claim the Saver's Credit

LOS ANGELES – January 30, 2019 – Most American workers are unaware of an important tax credit that may help them save for retirement. The Saver's Credit, also referred to as the Retirement Savings Contributions Credit by the Internal Revenue Service (IRS), is available to eligible taxpayers who are saving for retirement. Unfortunately, 62 percent of workers are unaware of the credit, according to survey findings from Transamerica Center for Retirement Studies® (TCRS).

"The Saver's Credit is available to American workers who contribute to a 401(k), 403(b) or IRA. By saving for retirement and claiming the credit, eligible taxpayers may be able to lower their federal income taxes," said [Catherine Collinson](#), president of TCRS. "Saving for retirement can be difficult when juggling financial priorities. The Saver's Credit might just be the motivator for those not yet saving for retirement to get started."

What Is the Saver's Credit?

The Saver's Credit is a non-refundable tax credit that may be applied up to the first \$2,000 of voluntary contributions an eligible worker makes to a 401(k), 403(b) or similar employer-sponsored retirement plan, or a traditional or Roth IRA. The maximum credit is \$1,000 for single filers or individuals and \$2,000 for married couples filing jointly.

"The Saver's Credit is a tax credit in addition to the benefit of tax-advantaged savings when contributing to a 401(k), 403(b) or IRA. Many eligible retirement savers may be confusing these two incentives because the notion of a double tax benefit seems too good to be true," said Collinson.

Who Can Claim the Saver's Credit?

The credit is available to workers ages 18 years or older who have contributed to a company-sponsored retirement plan or IRA in the past year and meet the Adjusted Gross Income (AGI) requirements:

- Single tax filers with an AGI of up to \$31,500 in 2018 or \$32,000 in 2019 are eligible;
- For the head of a household, the AGI limit is \$47,250 in 2018 or \$48,000 in 2019; and,
- For those who are married and file a joint return, the AGI limit is \$63,000 in 2018 or \$64,000 in 2019.

Additionally, the filer cannot be a full-time student and cannot be claimed as a dependent on another person's tax return. For more details about eligibility, refer to this [fact sheet](#) and [infographic](#).

Tips for claiming the Saver's Credit:

- If you are using tax preparation software to prepare your tax return, including those programs offered through the IRS Free File program, use [Form 1040](#) or [Form 1040NR](#). If your software has an interview process, be sure to answer questions about the Saver's Credit, also referred to as the Retirement Savings Contributions Credit and/or Credit for Qualified Retirement Savings Contributions.

- If you are preparing your tax return manually, complete [Form 8880](#), Credit for Qualified Retirement Savings Contributions, to determine your exact credit rate and amount. Then transfer the amount to the designated line on Schedule 3 (Form 1040), or Form 1040NR.
- If you are using a professional tax preparer, be sure to ask about the Saver's Credit.
- If you receive a refund, consider directly depositing it into an IRA to further boost your retirement savings.

Another important and potentially overlooked opportunity is the [IRS Free File](#) program. Workers who are eligible to claim the Saver's Credit are also eligible to take advantage of this program that offers federal income tax preparation software for free to tax filers with an AGI of \$66,000 or less. Twelve companies make their tax preparation software available through this program at www.irs.gov/FreeFile. Certain restrictions may apply.

"We encourage people to help spread awareness of the Saver's Credit by telling family, friends and colleagues. The benefit could make a meaningful impact on an individual's or family's annual budget, and may be the needed push for non-savers to get on track for retirement," said Collinson. "Those who are eligible but did not save last year can still contribute to an IRA until April 15, 2019 and may be able to claim the Saver's Credit for 2018."

TCRS has created fact sheets, infographics and newsletter articles – in English and Spanish – that are available and encouraged for public use at www.transamericacenter.org/saverscredit. More information can also be found at www.irs.gov.

###

About Transamerica Center for Retirement Studies

Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute®, a nonprofit, private foundation. Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. TCRS and its representative cannot give ERISA, tax, investment or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax, investment or legal advice. Interested parties must consult and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here. For more information about TCRS, please refer to www.transamericacenter.org and follow TCRS on Twitter at [@TCRStudies](https://twitter.com/TCRStudies).

About the 19th Annual Transamerica Retirement Survey

The 25-minute online survey was conducted within the U.S. by The Harris Poll on behalf of TCRS between October 26 and December 11, 2018 among a nationally representative sample of 5,923 full- and part-time workers including self-employed. Potential respondents were targeted based on employment status and company size. Respondents met the following criteria: U.S. residents, age 18 or older and either full- or part-time workers in for-profit companies with one (1) or more employees or self-employed. This report is based on 5,168 workers who are not self-employed. Results were statistically weighted where necessary to bring them into line with the population of U.S. residents age 18 or older, and then either employed full- or part-time in a for-profit company with one (1) or more employees, or self-employed. In addition, results adjusted for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not. No estimates of theoretical sampling error can be calculated.