

# The Saver's Credit

## A Tax Credit for Qualifying Retirement Savers



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If you make contributions to the MO Deferred Comp Plan, or another qualified retirement savings account, you may be eligible for the Saver's Credit. The Saver's Credit is designed to help low- and moderate-income employees save for retirement by providing a dollar-for-dollar tax bill reduction.

### What is the Saver's Credit?

The Saver's Credit gives a special tax break to qualified employees who are saving for retirement through a 401(k), 403(b), SIMPLE, SEP, governmental 457 plan – like the MO Deferred Comp Plan –, traditional IRA, and/or Roth IRA. If you qualify, the Saver's Credit can reduce or even eliminate your tax bill, however, it cannot result in a tax refund. The amount of Saver's Credit you can receive is based on your adjusted gross income (AGI), filing status, and the amount you contributed to your retirement savings account.

### How much could the Saver's Credit cut from your tax bill?

The Saver's Credit depends on your adjusted gross income, tax filing status, and total contributions. You may be eligible for a 50%, 20%, or 10% credit on the first \$2,000 you contribute during the year. Once your income reaches a certain threshold, you will no longer be eligible for the credit. The maximum credit amounts that can be claimed are:

- \$2,000, \$800 or \$400 for a married couple filing jointly, or
- \$1,000, \$400 or \$200 for a single filer or head of household.

### To claim the Saver's Credit, you must:

1. Be age 18 or over.
2. Not be a full-time student.
3. Not be claimed as a dependent on another person's tax return.
4. Have made contributions to a 401(k), 403(b), SIMPLE, SEP, governmental 457 plan – like the MO Deferred Comp Plan –, traditional IRA, and/or Roth IRA within the tax year you are filing.
5. Meet the annual income requirements as shown below.

**IMPORTANT:** If you and/or your spouse withdrew money from your retirement savings account two years prior to the date of filing your tax return, that distribution may reduce the amount of Saver's Credit you could receive.

For more information on the Saver's Credit, visit [www.irs.gov](http://www.irs.gov).

### 2021 Saver's Credit Income Limits

CREDIT RATE	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD	ALL OTHER FILERS*
50%	AGI not more than \$39,500	AGI not more than \$29,625	AGI not more than \$19,750
20%	\$39,501 - \$43,000	\$29,626 - \$32,250	\$19,751 - \$21,500
10%	\$43,001 - \$66,000	\$32,251 - \$49,500	\$21,501 - \$33,000
0%	More than \$66,000	More than \$49,500	More than \$33,000

\*Single, married filing separately, or qualifying widow(er)

### How do you claim the Saver's Credit?

If you meet the qualifications, you can claim the Saver's Credit by completing Form 8880 alongside your tax return or by speaking with your tax professional. To claim the credit, you will need your adjusted gross income as calculated on your income tax return and documentation of your total retirement account contributions for the year.