

News

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Less Than Half of U.S. Workers Are Aware of the IRS Tax Credit for Eligible Retirement Savers
Transamerica Center for Retirement Studies® Offers Tips on How to Claim the Saver's Credit

LOS ANGELES – February 28, 2023 – Less than half (49%) of U.S. workers are aware of a tax credit that may help them save for retirement and lower their tax bill, according to survey findings from nonprofit [Transamerica Center for Retirement Studies®](#) (TCRS). The [Saver's Credit](#), also referred to as the Retirement Savings Contributions Credit by the Internal Revenue Service (IRS), is available to millions of eligible taxpayers who are saving for retirement.

“On top of the tax-deferred benefits of saving for retirement in a 401(k), 403(b) or IRA, the Saver's Credit is an additional benefit that may reduce a person's federal taxes. Many eligible retirement savers could be confusing these incentives, simply because the idea of a double tax benefit sounds too good to be true,” said [Catherine Collinson](#), CEO and president of [Transamerica Institute®](#) and TCRS.

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 taxpayer makes to a 401(k), 403(b) or similar employer-sponsored retirement plan, a traditional or Roth IRA, or an [ABLE \(Achieving a Better Life Experience\) account](#). In this context, “non-refundable” means the credit cannot exceed a person's federal income tax for the year. The maximum credit is \$1,000 for single filers or individuals and \$2,000 for married couples filing jointly. According to TCRS' analysis of the most recently published IRS data, the average amount of the Saver's Credit in 2020 was \$186.

Who Can Claim the Saver's Credit?

The credit is available to individuals ages 18 years or older who have contributed to a 401(k), 403(b) or similar employer-sponsored retirement plan, a traditional or Roth IRA, or an ABLE account in the past year and meet the Adjusted Gross Income (AGI) requirements:

- Single tax filers: maximum AGI of \$34,000 in 2022 and \$36,500 in 2023;
- Heads of households: maximum AGI of \$51,000 in 2022 and \$54,750 in 2023; and,
- Married filing jointly: a maximum AGI of \$68,000 in 2022 and \$73,000 in 2023.

Additionally, the tax 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 TCRS' [fact sheet](#).

Tips for Claiming the Saver's Credit

- Consider using the IRS' [online tool](#) to help determine if you are eligible for the credit.
- If you use an online tax preparation tool to prepare your tax return, including those offered through the [IRS Free File](#) program, be sure to answer questions about the Saver's Credit, also referred to by the IRS as the “Retirement Savings Contributions Credit,” and “Credit for Qualified Retirement Savings Contributions.”

- If you prepare 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 line 4 on [Schedule 3](#), used with Forms 1040, 1040-SR, and 1040-NR.
- If you use a professional tax preparer, be sure to ask about the Saver's Credit.
- If you get a refund, consider directly depositing it into an IRA to boost your retirement savings.

Another potentially overlooked opportunity is the *IRS Free File* program. Many people eligible to claim the Saver's Credit may also benefit from this program. It offers tax filers with an AGI of \$73,000 or less free online tax preparation tools to prepare their federal taxes. This year, there are seven products in English and [one in Spanish](#) available at www.irs.gov/FreeFile. Certain restrictions may apply.

"Please help spread the word about the Saver's Credit by telling family, friends, and colleagues. It could help improve their long-term savings and even inspire non-savers to start saving for retirement," said Collinson. "Saving habitually over the long run is fundamental to achieving a financially secure retirement." For those who did not save in 2022, it's not too late. You have until **April 18, 2023** to make an IRA contribution for the 2022 tax year.

To learn more about the Saver's Credit, additional information and resources, including fact sheets, infographics, and a newsletter article – in English and Spanish – as well as a [podcast episode](#) are posted and encouraged for public use at www.transamericainstitute.org/saverscredit. More information can also be found at www.irs.gov.

Important note: Beginning in 2027, the recently enacted [SECURE Act 2.0 of 2022](#) reimagines and replaces the Saver's Credit with the Saver's Match, a matching contribution from the government for retirement savers meeting income eligibility requirements. The Saver's Match will be 50 percent of a worker's retirement plan or IRA contributions up to \$2,000, representing a maximum match amount of \$1,000.

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About Transamerica Center for Retirement Studies

Transamerica Center for Retirement Studies® (TCRS) is an operating division of Transamerica Institute®, a nonprofit, private foundation. TCRS is dedicated to educating the public on trends, issues, and opportunities related to saving and planning for retirement and achieving financial security in retirement. It conducts one of the largest and longest-running annual retirement surveys of its kind. Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates. TCRS and its representatives 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. For more information, visit www.transamericainstitute.org and follow TCRS on Twitter at [@TCRStudies](#).

About the 23rd Annual Transamerica Retirement Survey

This online survey was conducted within the U.S. by The Harris Poll on behalf of Transamerica Institute and TCRS between November 8 and December 13, 2022, among a nationally representative sample of 10,015 adults and an oversample of 2,009 workers in a for-profit company employing one or more employees. The data in this press release is shown for a subsample of 5,725 workers in a for-profit company employing one or more employees. Data were weighted where necessary to bring them into line with the population of U.S. residents, referencing Census data for education, age by gender, race/ethnicity, region, household income, education, marital status, size of household, and propensity to be online.