

Saver's Tax Credit for Contributions made by Individuals to Employer Retirement Plans or IRAs for 2014

An individual may be able to receive a nondeductible tax credit for retirement plan and IRA contributions when filing his tax return, using IRS Form 8880. Here are the rules for this credit:

- Eligible taxpayers must be at least 18 years of age.
- Anyone claimed as a dependent on someone else's return cannot take the credit.
- A student cannot take the credit. A person enrolled as a full-time student during any part of 5 calendar months during the year is considered a student.

The maximum annual contribution eligible for the credit is \$2,000, reduced by any applicable distributions (including distributions to a spouse, if filing jointly). The credit is pro-rated and depends on an individual's adjusted gross income and federal income tax filing status.

The types of contributions that are eligible for the credit include:

- salary reduction contributions to a 401(k), 403(b) or governmental 457(b) plan, including elective deferrals and designated Roth contributions;
- voluntary employee after-tax contributions to a 401(a)/(k) or 403(b) plan;
- salary reduction contributions made to a SIMPLE or SARSEP plan; and
- contributions made to a traditional or Roth IRA.

The saver's credit is based on an individual's adjusted gross income in the applicable tax year as follows:

Credit	Joint-filer AGI	Head of Household AGI	All Others - AGI
50%	\$0 – \$36,000	\$0 – \$27,000	\$0 – \$18,000
20%	\$36,001 – \$39,000	\$27,001 – \$29,250	\$18,001 – \$19,500
10%	\$39,001 – \$60,000	\$29,251 – \$45,000	\$19,501 – \$30,000

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