

## Tax Savers Credit Reminder 2013

You may be eligible for a valuable incentive, which could reduce your federal income tax liability, for contributing to your company's 401(k) or 403(b) plan. If you qualify, you may receive a Tax Saver's Credit of up to \$1,000 (\$2,000 for married couples) if you made eligible contributions to an employer sponsored retirement savings plan. The deduction is claimed in the form of a non-refundable tax credit, ranging from 10% to 50% of your annual contribution.

Remember, when you contribute a portion of each paycheck into the plan on a pre-tax basis, you are reducing the amount of your income subject to federal taxation. And, those assets grow tax-deferred until you receive a distribution. If you qualify for the Tax Saver's Credit, you may even further reduce your taxes.

Your eligibility depends on your Adjusted Gross Income (AGI), your tax filing status, and your retirement contributions. To qualify for the credit, you must be age 18 or older and cannot be a full-time student or claimed as a dependent on someone else's tax return.

Use this chart to calculate your credit for the tax year 2012. First, determine your Adjusted Gross Income (AGI) – your total income minus all qualified deductions. Then refer to the chart below to see how much you can claim as a tax credit if you qualify.

Filing Status/Adjusted Gross Income for 2012			
Amount of Credit	Joint	Head of Household	Single/Others
50% of first \$2,000 deferred	\$0 to \$34,500	\$0 to \$25,875	\$0 to \$17,250
20% of first \$2,000 deferred	\$34,501 to \$37,500	\$25,876 to \$28,125	\$17,251 to \$18,750
10% of first \$2,000 deferred	\$37,501 to \$57,500	\$28,126 to \$43,125	\$18,751 to \$28,750

Source: IRS Form 8880

For example:

- A single employee whose AGI is \$18,000 defers \$2,000 to their 401(k) plan will qualify for a tax credit equal to 20% of total contribution. That's a tax savings of \$400.
- A married couple, filing jointly, with a combined AGI of \$30,000 each contributes \$1,000 to their respective company plans, for a total contribution of \$2,000. They will receive a 50% credit reducing their tax bill by \$1,000.

With the Tax Saver's Credit, you may owe less in federal taxes the next time you file by contributing to your retirement plan today!

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