Saver's Tax Credit

An instant markdown on your tax bill

Special Report

Learn how the Saver's Credit can help you reduce your tax bill

If you are worried about saving for your retirement, the Saver's Tax Credit may be able to help you start putting money away. Today. Designed for those with low to moderate incomes, the Saver's Credit can reduce your tax bill – by up to $1,000 ($2,000 if married filing jointly) – when you make contributions to your employer-sponsored retirement plan or IRA.

What's your cut?

The deduction to your annual tax bill is in the form of a tax credit, which is a percentage ranging from 10 to 50% of your annual contribution (the maximum annual contribution eligible for the credit is $2,000) ($4,000 if married filing jointly). The actual percentage is based on your Adjusted Gross Income (AGI) and filing status.

To calculate your tax credit:

- First, determine your AGI, which is your total income minus all deductions for which you may qualify.
- Once you've determined your AGI, refer to the chart below to see how much of a credit you'll receive.

Saver's Credit in action

The following examples show how the Saver's Credit can help you save:

Example 1:
Kate is single and her AGI is $24,000 after making a $2,000 contribution to her employer-sponsored retirement plan. She falls under the "All other filers" category on the chart. This means Kate qualifies for a tax credit equal to 20% of her total contribution... a $400 savings on her tax bill.

Example 2:
Val and Matt are married, filing jointly, with an AGI of $40,000. They each contribute $1,000 to their respective employer-sponsored retirement plans – for a total contribution of $2,000. Referring to the chart below, they qualify for a 50% tax credit. That means they can reduce their tax bill by $1,000

2024 Tax Credit Rates (Subject to Cost of Living Adjustments)

(AGI) Filing Jointly	(AGI) Filing as head of household	(AGI) All other filers	Credit %
AGI not more than $46,000	AGI not more than $34,500	AGI not more than $23,000	50%
$46,001 - $50,000	$34,501 - $37,500	$23,001 - $25,000	20%
$50,001 - $76,500	$37,501 - $57,375	$25,001 - $38,250	10%

Source: https://www.irs.gov/pub/irs-drop/n-23-75.pdf

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An additional savings

Your tax credit is in addition to other incentives you already receive for making contributions, such as tax-deferral of pre-tax contributions (which means that you pay no current federal income taxes on the money you contributed – or any of its earnings – until you receive a distribution). Also, your contribution reduces the overall amount of your income that's taxed.

Please note that the Saver's Credit does not apply to employer contributions when calculating your actual tax credit.

Also, the Saver's Tax Credit may be reduced by any taxable distributions you or your spouse receive from any plans eligible for the credit during the year the credit is claimed; during the period after the end of that year and before the due date (including extensions) for filing your tax return for that year; and during the two preceding years for which the credit is claimed. Voya® and its companies do not provide tax or legal advice. You should consult with your financial professional or tax attorney for additional details on the impact of distributions on your tax credit.

Finally, the tax credit is non-refundable, which means it can't be more than your total tax bill.

Taking credit for saving

The Saver's Credit can help you save on your next tax bill, while putting away money for your future. If you're ready to take the next step, your Voya representative can help you understand more about the Saver's Credit and your other retirement investments.

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Eligible Plan Contributions

Who gets all the credit?

To qualify for the Saver's Credit, you must be:

- At least 18 years old
- Not a full-time student
- Not claimed as a dependent on someone else's tax return

The maximum AGI (as adjusted for 2024) to be eligible for a tax credit is:

- $76,500 if filing jointly
- $57,375 if filing as head of household
- $38,250 for all other filers

Eligible plans:

The Saver's Credit can be applied to certain:

- 401(a)/(k), 403(b), governmental 457(b) contributions
- SIMPLE, SARSEP, traditional or Roth IRA contributions