

News

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

LOS ANGELES – February 15, 2022 – Fewer than half (48 percent) of U.S. workers are aware of a tax credit that may help them save for retirement, according to survey findings from nonprofit [Transamerica Center for Retirement Studies®](#) (TCRS). Also referred to as the Retirement Savings Contributions Credit by the Internal Revenue Service (IRS), the [Saver's Credit](#) is available to millions of eligible taxpayers who are saving for retirement.

“Saving for retirement can be difficult in the best of times, but even harder for many during the pandemic and challenging economy,” said [Catherine Collinson](#), CEO and president of [Transamerica Institute®](#) and TCRS. “The Saver's Credit may help make it easier for people to save because it lowers their federal income tax.”

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 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.

“On top of the tax-advantaged treatment 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. Unfortunately, many eligible retirement savers could be confusing these two incentives, simply because the idea of a double tax benefit sounds too good to be true,” said Collinson.

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 \$33,000 in 2021 and \$34,000 in 2022;
- Heads of households: maximum AGI of \$49,500 in 2021 and \$51,000 in 2022; and,
- Married filing jointly: a maximum AGI of \$66,000 in 2021 and \$68,000 in 2022.

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 eight products in English and two 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 may meaningfully impact an individual’s long-term savings, and even inspire non-savers to start saving for retirement,” said Collinson. “This year more people may fall under the AGI limits to be eligible for the Saver’s Credit given the disruptions to employment during the ongoing pandemic. And it is not too late – eligible individuals who did not save for retirement last year can contribute to an IRA until **April 18, 2022** for tax year 2021 – and may be able to claim 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 available and encouraged for public use at <http://www.transamericainstitute.org/saverscredit>. More information can also be found at www.irs.gov.

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About the 22nd 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 October 28 and December 10, 2021, among a nationally representative sample of 10,003 adults and an oversample of 2,005 workers in a for-profit company employing one or more employees. The data in this press release is shown for a subsample of 5,493 workers in a for-profit company employing one or more employees. Results 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, employment, marital status, and size of household. Weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not.