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A monthly savings tip from the American Savings Education Council (ASEC)—Jan. 2014

Credit Check

Think you can't afford to save? Low- and moderate-income retirement savers might be eligible for a special tax credit—for saving!



The so-called Saver's Credit helps offset part of the first \$2,000 that eligible workers voluntarily contribute to IRAs and 401(k) plans and similar workplace retirement programs.

You have until April 15, 2014, to set up a new individual retirement arrangement or add money to an existing IRA for 2013. However, contributions to a 401(k) plan or similar workplace program had to be made by December 31 for the 2013 credit. You might want to schedule your 2014 contributions soon so your employer can begin withholding now.

The credit is based on your tax-filing status, adjusted gross income, tax liability, and amount contributed to qualifying retirement programs. You have to be at least 18 years old, and cannot be a full-time student, or be claimed as a dependent on someone else's tax return.

The saver's credit can be claimed by:

- Married couples filing jointly with incomes up to \$59,000 in 2013 or \$60,000 in 2014;
- Heads of Household with incomes up to \$44,250 in 2013 or \$45,000 in 2014; and
- Singles with incomes up to \$29,500 in 2013 or \$30,000 in 2014.

Although the maximum saver's credit is \$1,000 for singles/heads of households and \$2,000 for married couples, the IRS cautions that it is often much less and (due in part to the impact of other deductions and credits) may be zero for some taxpayers.

Actual experience shows that in 2011, saver's credits were claimed on nearly 6.4 million returns, and averaged \$215 for joint filers, \$166 for heads of household, and \$128 for single filers.

More information on the Saver's Credit is available [here](#).

You can find more free savings tips, tools, and calculators at www.choosetosave.org

The American Savings Education Council (ASEC), an EBRI program, is a nonprofit national coalition of public- and private-sector organizations undertaking initiatives to raise public awareness about what is needed to ensure long-term personal financial independence. ASEC's goal is to make saving and planning a vital concern of all Americans. www.asec.org