

Retirement Solutions

The Retirement Saver's Tax Credit for 2025



There is an attractive savings incentive for retirement savers known as the “Saver’s Credit.” The Saver’s Credit provides a potential tax credit for individuals who contribute to qualifying retirement plans or IRAs. The tax credit is in addition to the tax advantages already available through an employer-sponsored plan or IRA.

Qualifying contributions include salary deferral (“elective”) contributions to 401(k), 403(b), governmental 457(b), SIMPLE IRA, SIMPLE 401(k) or SAR-SEP plans, and contributions to Traditional or Roth IRAs, as well as “voluntary after-tax” contributions to tax-qualified plans.

The maximum annual contribution eligible for the credit is \$2,000 (\$4,000 if married filing jointly) and the credit percentage range depends on the adjusted gross income (AGI) of the taxpayer (please refer to the table below — 2025 figures). You can claim the credit if your AGI is not more than the maximum amount shown on the chart below, and if all of the following apply:

- You are at least age 18 as of the close of the tax year.
- You are not a full-time student for five calendar months or more during the tax year.
- No one else claims a dependent exemption for you on their tax return.

The amount of contributions eligible for the credit is generally reduced by taxable distributions from a qualifying plan or IRA (or any distribution from a Roth IRA that is not rolled over) received by the taxpayer or spouse during the current tax year, the two years before the credit is being claimed, or during the period after the end of the current year and before the due date (including extension) of the taxpayer’s return for the year.

CREDIT RATE	JOINT FILER AGI	HEAD OF HOUSEHOLD AGI	ALL OTHER FILERS AGI*
50%	\$0 - \$47,500	\$0 - \$35,625	\$0 - \$23,750
20%	\$47,501 - \$51,000	\$35,626 - \$38,250	\$23,751 - \$25,500
10%	\$51,001 - \$79,000	\$38,251 - \$59,250	\$25,501 - \$39,500
0%	More than \$79,000	More than \$59,250	More than \$39,500

*Single, married filing separately, or qualifying widow(er)

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