

Saver's Tax Credit – Know Before You File



February 2020

Participation in the State of Iowa Retirement Investors' Club (RIC) offers employees an opportunity to reduce their individual income tax by up to \$1,000 (or \$2,000 if married filing jointly) with the Internal Revenue Service's Saver's Tax Credit.

The Saver's Tax Credit is available to RIC participants who:

- Make pre-tax or Roth contributions to their RIC account through payroll deduction.
- Are age 18 or older and are not full-time students.
- Are not claimed as a dependent on another person's tax return.
- Meet the income limits set by the IRS (see the table below).

2020 Adjusted Gross Income (AGI) Limits

Joint filers	Heads of Household filers	All other filers	Amount of Credit
Up to \$39,000	Up to \$29,250	Up to \$19,500	50%
\$39,001-\$42,500	\$29,251-\$31,875	\$19,501-\$21,250	20%
\$42,501-\$65,000	\$31,876-\$48,750	\$21,251-\$32,500	10%
\$65,001 & up	\$48,751 & up	\$32,501 & up	0%

Example: Kim contributed the maximum of \$2,000 to her RIC account during 2019. Her adjusted gross income for the year is \$28,000 and she files as Head of Household. According to the chart above, she will then qualify for a tax credit (a credit against taxes owed) of 50 percent of the amount she contributed. In Kim's case, the tax credit is worth \$1,000.

This saver's credit is on your tax forms and tax advisors can answer your questions about whether or not you qualify. See additional information at https://das.iowa.gov/saver_credit or <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit>.

The Retirement Investors' Club (RIC) is the State of Iowa's supplemental retirement savings benefit designed to supplement Social Security and pension (IPERS, POR, Judicial) income. Participating employees contribute through automatic payroll deduction and the State makes matching contributions up to \$75 monthly. You are fully vested from day one. To enroll, go to <https://das.iowa.gov/RIC/SOI/enrollment>.
