



# focus on Retirement

## Tax Saver's Credit

You may be able to take a tax credit for making deferral contributions to a retirement plan!

### Who is Eligible for the Credit?

You can be eligible if you are:

- Age 18 or older
- Not a full time student
- Not claimed as a dependent on someone else's tax return

### How Much is the Credit?

The credit is 50%, 20% or 10% of your retirement plan deferral up to \$2,000 (\$4,000 if married filing jointly) depending on your Adjusted Gross Income (AGI).



2015 Saver's Credit			
Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$36,500	AGI not more than \$27,375	AGI not more than \$18,250
20% of your contribution	\$36,501 - \$39,500	\$27,376 - \$29,625	\$18,251 - \$19,750
10% of your contribution	\$39,501 - \$61,000	\$29,626 - \$45,750	\$19,751 - \$30,500
0% of your contribution	more than \$61,000	more than \$45,750	more than \$30,500

### Example

Jill, who works at a retail store is married and earns \$30,000 in 2015. Jill's husband was unemployed in 2015 and didn't have any earnings. Jill contributed \$1,000 to her retirement plan in 2015. Her AGI for 2015 was \$29,000. Jill may claim a credit of 50% or \$500 for her 401(k) plan deferral.

# Why You Should Save Now

## Why should you enroll in a retirement plan or contribute to an IRA?

### Did you know...

- That retirement can last for 30 years or more?
- That a common rule to follow is that a retiree will need up to 80% of his/her annual income today to retire comfortably?
- That the average benefit amount paid monthly by the Social Security Administration is \$1,177?



### Advantages

- Tax on pre-tax employee and employer contributions is deferred until distributed.
- Investment gains in the plan are not taxed until distributed.
- Retirement assets can be carried from one employer to another.
- Contributions can be made easily through payroll deductions.
- Saver's Credit is available.
- Flexible plan options are available.
- Better financial security at retirement.

### Example of time value of money

Future Retirement Savings Value - Assuming 6% annual return			
Monthly Savings	5 years	15 years	20 years
\$50	\$3,506	\$14,614	\$23,218
\$200	\$14,024	\$58,456	\$92,870
\$500	\$35,059	\$146,136	\$232,176

This newsletter provided courtesy of Noble-Davis Consulting, Inc.

*Retirement—takes all of the meaning out of weekends.*

