

The Saver's Credit



**NOBLE
DAVIS**
CONSULTING, INC
PEACE of MIND

*Encourage
your
employees
to save for
their
retirement
with the
Tax Saver's
Credit*

**NOBLE-DAVIS
CONSULTING, INC.**

30275 Bainbridge Road
Building B
Solon, OH 44139

Phone: 440-498-8408

Fax: 440-498-9566

E-mail:

contactus@noblepension.com

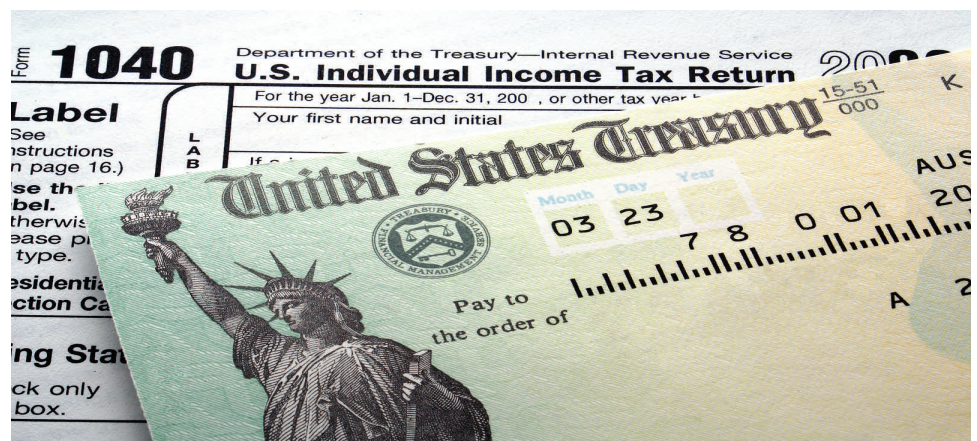
**PLAN SPONSOR SERIES
APRIL 2011**

The Saver's Credit (formerly known as the Retirement Savings Contribution Credit) is a nonrefundable income tax credit for certain taxpayers with adjusted gross income that does not exceed a certain limit. As of this writing, it applies to individuals with income up to the following limits:

Filing Status	Income
Single, Married Filing Separately	\$27,750
Head of Household	\$41,625
Married Filing Jointly	\$55,500

To be eligible for the credit, the participant must be age 18 or older and cannot have been a full time student or be claimed as a dependent on another person's return. If contributions are made to a qualified IRA, 401(k) or other retirement plan, a credit of \$1,000 (\$2,000 if filing jointly) can be taken. This credit is in addition to the tax benefits which result from retirement plan contributions that are not subject to income tax until withdrawn.

Please use the notice on the back to communicate this credit with any employees that would be eligible to qualify for this credit.



Saving money with The Saver's Credit

Not sure if you should participate in your employer's 401(k) plan? By participating, you may be able to pay less in taxes if you do. This notice explains how.

If you make a contribution to your plan or IRA, you may be eligible for a tax credit called The Saver's Credit. This credit could reduce the federal income tax you pay dollar-for-dollar. The amount of the credit you can receive is based on the contributions you make and your credit rate. The credit rate can be as low as 10% or as high as 50%, depending on your adjusted gross income. The lower your income, the higher the credit rate. The credit rate also depends on your filing status. The maximum contribution taken into account for the credit is \$2,000.

In order to qualify for the credit, you must be 18 year or older, not a full time student and not be able to be claimed as a dependent on someone else's tax return. You must also have adjusted gross income (as shown on your tax return for the year of the credit) that does not exceed:

Filing Status	Income
Single, Married Filing Separately	\$27,750
Head of Household	\$41,625
Married Filing Jointly	\$55,500

The annual contribution eligible for the credit may have to be reduced by any taxable distributions from a retirement plan or IRA that you or your spouse receive. The amount of your saver's credit will not change the amount of your refundable tax credits. The amount of your saver's credit in any year cannot exceed the amount of tax that you would otherwise pay in any year. If your tax liability is reduced to zero because of other nonrefundable credits, then you will not be entitled to the saver's credit.

Example:

Susan and John are married and file their federal income tax return jointly. Their adjusted gross income would have been \$34,000 if they had not made any retirement contributions. Both Susan and John elected to contribute \$2,000 to their respective 401(k) plans. As a result, their adjusted gross income is now \$30,000. If their federal income tax would have been \$3,000 without making any retirement plan contributions, then their federal income tax will now be only \$400 after the application of the saver's credit and other tax benefits for their retirement contributions. So, in addition to saving \$4,000 for retirement, they have also reduced their taxes by \$2,600.