

Planning For Retirement

Uncle Sam Wants You To Save For Retirement

(NAPSA)—If you ever feel your finances are too stretched to save for retirement, there could be good news for you. The Retirement Savings Contributions Credit, also known as the Saver's Credit—a little-known tax credit made available by the IRS to low- to moderate-income workers—could make saving for retirement more affordable than you think. It may reduce your federal income taxes when you save for retirement through a qualified retirement plan or an individual retirement account (IRA).

“The Saver's Credit is particularly great because it offers many workers an added incentive to save for their future retirement, while potentially lowering their tax bill today,” said Catherine Collinson, president of the Transamerica Center for Retirement Studies®.

Here's how it works:

1. Check Your Eligibility

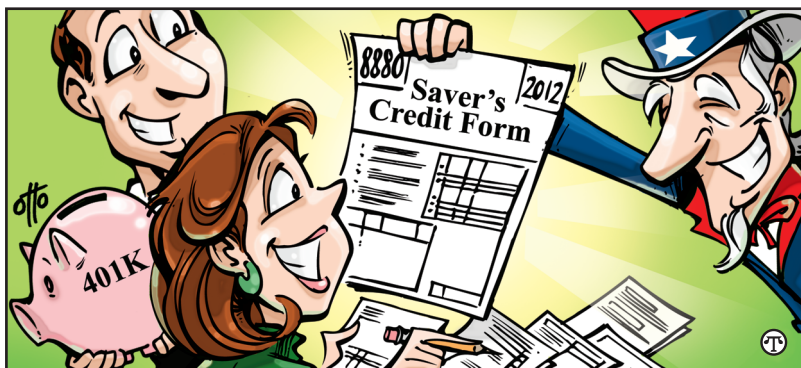
For singles, anyone earning up to \$28,750 in 2012 or \$29,500 in 2013 is eligible. For the head of a household, the income limit is \$43,125 in 2012 or \$44,250 in 2013. For those who are married and file a joint return, the income limit is \$57,500 in 2012 or \$59,000 in 2013. (All income requirements are based on Adjusted Gross Income.)

You must be 18 years or older by January 1 and cannot be a full-time student or be claimed as a dependent on another person's tax return. If you fit within these parameters, the Saver's Credit may be for you.

Depending on your filing status and income level, you may qualify for a nonrefundable credit of up to \$1,000 (or \$2,000 if filing jointly) on your federal income taxes for that year when you contribute to a 401(k), 403(b), 457, 501(c)(18)(D), SEP or SIMPLE plan, or an IRA.

2. Save for Retirement

If your employer offers a retirement plan, make sure you enroll.



The Retirement Savings Contributions Credit, also known as the Saver's Credit, is a little-known tax credit made available by the IRS to low- to moderate-income workers that could make saving for retirement more affordable than many people realize.

Or open a traditional or Roth IRA with the financial institution of your choice. If you are enrolled in your employer's retirement plan, you may already qualify for the credit.

In general, for every dollar you contribute to a qualified retirement plan or IRA, up to the lesser of the limits permitted by an employer-sponsored plan or the IRS, you defer that amount from your current overall taxable income on your federal tax returns.

3. File Your Tax Return and Claim the Credit

When you prepare your federal tax returns, you then claim your Saver's Credit by subtracting this tax credit from your federal income taxes owed.

If you use a professional tax preparer, ask about the Saver's Credit, called the "Retirement Savings Contributions Credit" on Forms 1040, 1040A and 1040NR. Or if you use tax preparation software, be sure to use Form 1040, Form 1040A or Form 1040NR to file your return.

The Saver's Credit is not available with Form 1040EZ, although the IRS has included instructions with the EZ directing you to a different form if you choose to claim the credit.

Lastly, if you prepare your tax returns by hand, start with Form 8880, "Credit for Qualified Retirement Savings Contributions," to determine your credit rate and corresponding credit amount. Then use Form 1040 or Form 1040A to file your return.

Transfer the amount of the Saver's Credit from Form 8880 to line 50 of Form 1040, line 32 of Form 1040A or line 47 of Form 1040NR. Have questions? See IRS publication 590, ask a tax professional or log on to the IRS website at www.irs.gov.

The 13th Annual Transamerica Retirement Survey found that just 20 percent of American workers with an annual household income of less than \$50,000 are aware that the credit exists. Don't overlook Uncle Sam's Saver's Credit; it may help you pay less in your current federal income taxes while saving for retirement.

For more details on the Saver's Credit and online retirement planning calculators, visit the Transamerica Center for Retirement Studies® at www.transamerica-center.org.

The Transamerica Center for Retirement Studies® is a non-profit, private foundation.

About Transamerica Center for Retirement Studies®.

The Transamerica Center for Retirement Studies® ("The Center") is a non-profit, private foundation. The Center is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties. For more information about The Center, please refer to www.transamericacenter.org.

About the 13th Annual Retirement Survey

This survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies® between January 13 and 31, 2012, among 3,609 full-time and part-time workers. Potential respondents were targeted based on job title and full-time and part-time status. Respondents met the following criteria: U.S. residents, age 18 or older, full-time workers or part-time workers in for-profit companies, and employer size of 10 or more. Results were weighted as needed for the number of employees at companies in each employee size range. No estimates of theoretical sampling error can be calculated; a full methodology is available.