Opportunities for Retirement Savers

NEW TAX CREDIT FOR CONTRIBUTIONS

You may be eligible for the low/middle income tax credit that will make saving for retirement easier because it will pay for part of your retirement plan contributions in 2010. The maximum credit is $1,000 – 50% of the first $2,000 in contributions (see the chart below). Any credit you can claim would reduce the federal income taxes on your tax return. To take advantage of this tax credit, be sure to include it on your personal IRS 2010 tax return form.

50% Tax Credit

Applies when your AGI* is:	If you contribute (in 2010)	Your 2010 credit is
Joint – up to $33,000	$2,000	$1,000
Head of Household – Up to $24,750	$1,000	$500
Single – Up to $16,500	$500	$250

20% Tax Credit

Applies when your AGI* is:	If you contribute (in 2010)	Your 2010 credit is
Joint – $33,000- $36,000	$2,000	$400
Head of Household – $24,750- $27,000	$1,000	$200
Single –$16,500 - $18,000	$500	$100

10% Tax Credit

Applies when your AGI* is:	If you contribute (in 2010)	Your 2010 credit is
Joint – $36,000- $55,500	$2,000	$200
Head of Household – $27,000- $41,625	$1,000	$100
Single –$18,000 - $27,750	$500	$50

Maximum annual contribution eligible for the credit is $2,000. Credit is 50%, 20% or 10% of your contribution – depending on your filing status and adjusted gross income (AGI)*. Some limitations apply. See your tax professional for information regarding your specific situation.

Lower Tax Rates

The tax law[1] is also giving you a "raise." The tax-rate reductions now in effect and those scheduled for future years mean lower withholding on paydays and, therefore, more net pay. A suggestion: Use some or all of the money to contribute to your 401(k) Plan.

Years of compound growth before you retire may turn your raise into a brighter long-term future. Saving just $100 a month, for example, could grow to more than $25,000 – if you continue for 15 years and earn a hypothetical 8% average annual investment return compounded monthly.

It's Up to You

As you can see, these new tax laws are on your side now more than ever. The rest is up to you. Why not resolve to make 2010 the year you start doing more for your future?

1. Important Notice: In June 2001, a new tax law was enacted. All of the provisions affecting your plan may not be reflected in this material. Due to congressional budget rules, EGTTRA will expire on December 21, 2010 unless Congress decides to renew it.