

Saver's Match and Saver's Credit

Cross References

- IRC §25B
- IRC §6433
- Notice 2026-48

Prior Law. Low income taxpayers are allowed a nonrefundable tax credit for contributions to an IRA or employer-sponsored retirement plan. Contributions to an ABLE account by the designated beneficiary also qualify for the credit. The credit ranges from 10% to 50% of the contribution, depending on AGI.

The SECURE 2.0 Act of 2022 changed the rules for tax years beginning after 2026 by repealing the credit and replacing it with a contribution made by the IRS directly into the eligible individual's applicable retirement plan.

New Law. Effective for tax years beginning after December 31, 2026, the One Big Beautiful Bill Act (OBBBA) repealed a portion of the SECURE 2.0 Act by continuing to allow the Saver's Credit under IRC section 25B for qualified retirement contributions made by the eligible individual during the tax year to the ABLE account of which such individual is the designated beneficiary. The new law also increased the amount of the contribution eligible for the credit from \$2,000 to \$2,100 per year.

Saver's Match. The SECURE 2.0 Act added IRC section 6433, effective for tax years beginning after December 31, 2026. The IRS recently published guidance covering the Saver's Match provisions.

Saver's Match contributions replace the Saver's Credit under IRC section 25B with respect to elective contributions to qualifying retirement plans and IRAs (with the exception of contributions made to ABLE accounts under IRC section 529A).

Any eligible individual who makes qualified retirement savings contributions for a tax year will be allowed a matching contribution in an amount equal to a specified applicable percentage of so much of such contribution that does not exceed \$2,000. A Saver's Match contribution is allowed as a credit payable as a contribution to the eligible individual's applicable retirement savings vehicle as soon as practicable after an eligible individual files a tax return making a claim for the contribution.

An individual who is eligible for a Saver's Match contribution of greater than zero but less than \$100 may elect for the amount of the Saver's Match contribution to be treated as a refundable income tax credit rather than contributed to the individual's applicable retirement savings vehicle.

The maximum applicable percentage for an eligible individual is 50 percent. An eligible individual's applicable percentage is reduced (but not below zero) by the number of percentage points that bears the same ratio to 50 percentage points as:

- 1) The excess of:
 - a) The eligible individual's modified adjusted gross income (MAGI) for the taxable year, over
 - b) The applicable dollar amount, bears to
- 2) The phaseout range.

The applicable dollar amount and the end of the phaseout range for an eligible individual are both determined based on the eligible individual's taxpayer filing status. For individuals who are either married filing jointly or surviving spouses, the phaseout range is \$30,000, beginning at the applicable dollar amount of \$41,000 and ending at \$71,000.

For heads of household, the phaseout range is \$22,500 (calculated as $\frac{3}{4}$ of the \$30,000 phaseout range), beginning at the applicable dollar amount of \$30,750 (calculated as $\frac{3}{4}$ of the \$41,000 applicable dollar amount) and ending at \$53,250.

For individuals who are not married filing jointly, heads of household, or surviving spouses, the phaseout range is \$15,000 (calculated as $\frac{1}{2}$ of the \$30,000 phaseout range), beginning at the applicable dollar amount of \$20,500 (calculated as $\frac{1}{2}$ of the \$41,000 applicable dollar amount) and ending at \$35,500.

For any tax year beginning in a calendar year after 2027, the applicable dollar amount (and, thus, the beginning and end of the phaseout range) is adjusted for inflation.

An eligible individual is an individual who has attained age 18 as of the close of the tax year, other than an individual who is:

- 1) A student as defined in IRC section 152(f)(2),
- 2) Claimed as a dependent on another taxpayer's return for a tax year beginning in the calendar year in which the individual's tax year begins, or
- 3) A nonresident alien [unless the individual has made an election under IRC section 6013(g) or (h) to be treated as a U.S. resident)].

The term "qualified retirement savings contributions" means the sum of:

- 1) The amount of the qualified retirement contributions made by an eligible individual,
- 2) The amount of any elective deferrals of the individual (such as 401(k) elective deferrals) and any elective deferrals of compensation by the individual under a governmental section 457(b) plan, and
- 3) The amount of voluntary employee contributions by the individual to any qualified retirement plan.

Qualified retirement savings contributions do not include any amount attributable to a payment of Saver's Match contributions.

Qualified retirement savings contributions are reduced (but not below zero) by the aggregate distributions received by the individual during a specified testing period from any IRA or annuity of a type to which qualified retirement savings contributions may be made. The testing period is the period that includes:

- 1) The tax year during which qualified retirement savings contributions are made,
- 2) The two preceding tax years, and

- 3) The period after the tax year during which qualified retirement savings contributions are made and before the due date (including extensions) for filing the tax return for that tax year.

Certain distributions made during the testing period are not taken into account for purposes of determining whether a taxpayer received a distribution. Distributions not taken into account include:

- 1) Loans treated as distributions or excess contributions and deferrals that are distributed,
- 2) Rollover contributions, and
- 3) Any portion of a distribution if the portion is transferred or paid in a rollover contribution to an account or plan to which qualified retirement savings contributions can be made.

Any distribution received by the spouse of an eligible individual is treated as received by that eligible individual if the eligible individual and spouse file a joint return for the tax year for which the Saver's Match contribution is claimed and for the tax year during which the spouse receives the distribution.

An applicable retirement savings vehicle to which Saver's Match contributions may be made is an account or plan elected by the individual that:

- 1) Is the portion of a plan that is a governmental section 457(b) plan, a qualified cash or deferred arrangement [IRC section 401(k)], or an annuity contract described in IRC section 403(b) that is purchased under a salary reduction agreement, and does not consist of a qualified Roth contribution program, or an individual retirement plan that is not a Roth IRA,
- 2) Is for the benefit of an eligible individual,
- 3) Accepts Saver's Match contributions, and
- 4) Is designated by the eligible individual, in such form and manner as the IRS may provide.

The term "modified adjusted gross income" (MAGI) means adjusted gross income for a tax year determined without regard to the foreign earned income exclusion, income from sources within Guam, American Samoa, or the Northern Mariana Islands, and income from sources within Puerto Rico, and determined without regard to any exclusion or deduction allowed for any qualified retirement savings contribution made during the taxable year.

If contributed to an applicable retirement savings vehicle, a Saver's Match contribution is treated as an elective deferral made by an eligible individual or as an IRA contribution made by an eligible individual, except that it is paid into the retirement account or IRA by the IRS under regulations.

A Saver's Match contribution will not be taken into account with respect to any applicable contribution or deferral limitations, and will be disregarded for purposes of certain discrimination rules. In addition, an eligible individual's Saver's Match contribution is not treated as an amount that may be paid, made available, or distributable to the eligible individual under the hardship distribution rules or unforeseeable emergency distribution rules.

Any applicable retirement savings vehicle to which a Saver's Match contribution is made will not be treated as violating any requirements under IRC section 401, 403, 408, or 457, as applicable, solely by reason of accepting that contribution. If any contribution is erroneously paid, the amount of that erroneous payment will be treated as an underpayment of tax, other than for purposes of the accuracy-related and fraud penalties, for the tax year in which the IRS determines the payment is erroneous. Likewise, the early withdrawal penalties will not apply if the distribution of the contribution or any income attributable to the distribution is received not later than the day prescribed by law (including extensions of time) for filing the individual's return for the tax year.

If a specified early distribution is made during the tax year and the aggregate amount of Saver's Matching contributions exceeds the account balance of that savings vehicle at the end of the tax year, an additional Saver's Match recovery tax applies. This Saver's Match recovery tax is equal to the amount of the excess, reduced by:

- 1) The amount of the 10 percent additional tax on early distributions under IRC section 72(t)(1) that applies to the distribution, and
- 2) Allocable investment losses.

A specified early distribution is any portion of a distribution:

- 1) That is made from the applicable retirement savings vehicle to which Saver's Match contributions have been made,
- 2) That is includible in gross income, and
- 3) To which the 10 percent additional tax on early distributions under IRC section 72(t)(1) applies.

An eligible individual may also reduce the Saver's Match recovery tax (but not below zero) for a tax year during which a specified early distribution has been made by making additional contributions not in excess of the amount of the specified early distribution to an applicable retirement savings vehicle to which rollover contributions may be made. The Saver's Match recovery tax is reduced to the extent of the additional contributions. The additional contributions must be made by the due date (including extensions) of the eligible individual's tax return for the tax year for which the Saver's Match recovery tax would otherwise be owed. In addition, an eligible individual's additional contributions to an applicable retirement savings vehicle that is not an IRA may be made to the vehicle only if the individual is otherwise eligible to make contributions to the vehicle. These additional contributions are treated as having been transferred in a direct trustee-to-trustee transfer within 60 days of the specified early distribution.

In the case of an amount elected by an eligible individual to be contributed to an account or plan under IRC section 6433(e)(2), the IRS will provide general guidance applicable to the custodian of the account or the plan sponsor detailing the treatment of the contribution and the reporting requirements with respect to the contribution.

Notice 2026-48 states that the IRS intends to propose regulations providing guidance with respect to the Saver's Match under IRC section 6433. The notice includes guidance that is expected to be included in those proposed regulations. The notice also answers questions that have been submitted concerning the Saver's Match. See Notice 2026-48 for more details.