# 65 and Still Saving

Should you still be saving for your retirement *after* you're retired? Maybe, especially if you can take advantage of a tax credit called the "saver's credit."

### About the Credit

To qualify, you have to be one of those energetic seniors who is still working, at least part-time. Then, if you stash up to $2,000 of your earnings in an individual retirement account or an employer's retirement plan (401(k), 403(b), 457, SIMPLE, or salary reduction SEP), the IRS may pay you back for your trouble by way of a tax credit — a dollar-for-dollar reduction of the amount of tax you owe. The table shows the credit rates and the income ranges that qualify for 2014.

| Credit Rate | Joint Filer AGI | Head of Household AGI | Single/ Other AGI |
|---|---|---|---|
| 50% | $0-36,000 | $0-27,000 | $0-18,000 |
| 20% | $36,000-39,000 | $27,000-29,250 | $18,000-19,500 |
| 10% | $39,000-60,000 | $29,250-45,000 | $19,500-30,000 |
| 0% | Over $60,000 | Over $45,000 | Over $30,000 |

### Additional Advantages

Besides the credit, how else might you benefit from this strategy? For one, investment earnings would compound tax deferred in your account. Second, your contribution to an employer's plan or a deductible IRA would lower your taxable income. Note, however, that you can't contribute to a deductible IRA after age 70½. That restriction doesn't apply to a Roth IRA. With a Roth, your withdrawals would be tax free after five years. Another plus: There are no rules mandating when Roth money must be distributed to you.

### Junior Savers

Not interested or don't qualify for the credit? Maybe your grandchild can take advantage of it. Tax-deferred compounding is especially attractive for young workers since their retirement accounts will have decades to grow.