

**Encouraging Americans to Save Act**  
**Summary**  
**February 3, 2016**

Current law includes a nonrefundable tax credit for eligible taxpayers who make elective deferrals to tax-favored retirement plans or contributions to IRAs (i.e., the Saver's Credit). Many members have called for expansions of the Saver's Credit and the Savings & Investment tax reform working group report highlighted these expansions. The proposal below would make the Saver's Credit refundable so that those without any tax liability receive a benefit. The proposal also would require the credit amount be contributed directly to a tax-favored retirement plan.

- Make the Saver's Credit refundable
- Create one credit rate of 50%
- Establish the maximum amount of an individual's contribution that is eligible for the Saver's Credit at \$1,000
- Index credit for inflation
- Increase the maximum income threshold to \$65,000 joint/\$32,500 individual (create a phase out range for those earning slightly above those limit)
- Require the credit to be contributed directly to a taxpayer's MyRA or Roth retirement account
  - The credit would work more like a direct payment than a traditional credit. For example, let's say I qualify for a \$100 saver's credit. If for the 2015 tax year, I fill out my tax return and I owe the IRS \$200 for 2015 (not taking into account the saver's credit), the \$100 saver's credit doesn't go against my \$200 liability. Instead the \$100 is deposited in a MyRA or Roth retirement account (and I still owe IRS \$200).
  - Default – credit is contributed to a MyRA. However, the taxpayer can elect to have the credit instead deposited into their Roth IRA or Roth account in an employer retirement plan (if permitted under the plan). Employers would not be required to accept the credit (neither would IRA custodians).