

ANOTHER GREAT REASON TO ENROLL IN THE TEXA\$AVER PROGRAM:

Saver's Tax Credit

The saver's tax credit may put more money in your pocket by reducing your current income taxes. The tax credit lowers the amount of federal income tax you pay if you qualify.

If your adjusted gross income (AGI) is \$29,500 or less and you contribute to the Texa\$aver 401(k) or 457 Plan, you may be eligible for a tax credit when you file your tax return.¹ AGI is your income minus allowances for personal exemptions, such as dependents, and itemized deductions like mortgage interest.

The credit can be between 10% and 50% of your Texa\$aver contribution based on your AGI and filing status, up to a certain maximum credit.²

| Single Filer Adjusted Gross Income ³ | Head of Household Adjusted Gross Income ³ | Married, Filing Jointly Adjusted Gross Income ³ | Maximum Tax Credit Rate ² |
|---|--|--|--------------------------------------|
| \$0-\$17,750 | \$0-\$26,625 | \$0-\$35,500 | 50% |
| \$17,751-\$19,250 | \$26,626-\$28,875 | \$35,501-\$38,500 | 20% |
| \$19,251-\$29,500 | \$28,876-\$44,250 | \$38,501-\$59,000 | 10% |

Figuring Your Tax Credit⁴

As you can see from the table above, the tax credit is directly related to your income level. For example, let's say Maria is a single filer earning \$24,000 who is saving for retirement and has no other income. If she contributed \$1,200 to her plan, her AGI would be \$22,800. Her tax credit rate would be 10% and her tax credit would be \$120 (10% of \$1,200).⁵

| Estimate of Maria's 2013 Federal Income Taxes | |
|--|-------------------------------|
| Gross Annual Income | \$24,000 |
| Less Before-Tax Contributions to Retirement Plans | \$1,200 |
| Adjusted Gross Income | \$22,800 |
| Less Exemptions | \$3,800 |
| Less Standard Deduction | \$5,950 |
| Net Taxable Income | \$13,050 |
| Federal Income Tax Due Before Credit | \$1,958 |
| Tax Credit³ | \$120 |
| Federal Income Tax Due After Credit | \$1,838 |
| Federal Income Tax Deferred or Saved from Before-Tax Plan Contribution* and Tax Credit | \$180* + \$120 = \$300 |

FOR ILLUSTRATIVE PURPOSES ONLY. Assumes 2013 federal income tax table, exemptions and standard deduction.
* Assumes 15% federal tax rate.

In addition to the \$120 tax credit, Maria saves \$180 in current federal income tax, assuming a 15% tax rate, by contributing to her plan before-tax. Her total amount saved or tax-deferred is \$300!

Need More Information?

To learn more about the tax credit, you should consult your tax advisor or visit www.irs.gov and search for "Saver's Credit" or Form 8880.²

Visit: www.texasaver.com⁶

Call: (800) 634-5091⁶

Email: texasaver@gwrs.com

¹ Eligible AGI for single filer.

² Like other tax credits, the saver's credit can increase a taxpayer's refund or reduce the tax owed. Though the maximum saver's credit is \$1,000, \$2,000 for married couples, the IRS cautions that it is often much less, and due in part to the impact of other deductions and credits, it may, in fact, be zero for some taxpayers.

³ Adjusted gross income limits are shown for 2013 taxable year.

⁴ TexaSaver representatives do not provide tax or legal advice. Consult your tax professional.

⁵ Maria will not be eligible for a tax credit if she is not 18 years of age or older, if she is a full-time student, or if she can be claimed as a dependent on someone else's tax return. Additional limitations and eligibility requirements may apply. Please consult your tax professional.

⁶ Access to the TexaSaver Information Line and website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

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