

What is the "Saver's Match"?

3 November 2026, 21:35 UTC03 November 2026, 9:35 pm CET, written by Justin Waring, Head UBS Wealth Way Strategy & Solutions, UBS GWM CIO Global Investment Management, Ainsley Carbone, Retirement Strategist, UBS GWM CIO Global Investment Management

A new retirement match is coming in 2027, allowing eligible savers to receive a federal retirement contribution of up to $1,000. But only some savers are eligible.

Introducing the Saver's Match

Beginning in 2027, a new federal program called the **Saver's Match** will give eligible Americans a government-funded matching contribution when they save for retirement. For some younger workers, the match could add as much as **$1,000 per year** to their retirement savings.

The opportunity may also be worth understanding for parents and grandparents. Even if your own income is too high to qualify, you may have an adult child who is eligible. Helping that child fund a retirement account could allow your family to combine your financial support with a government match.

Could you qualify?

A quick way to think about 2027 eligibility is to ask four questions:

1. **Are you at least age 18?** You must be at least 18 by the end of the year to qualify for the Saver's Match.
2. **Are you out of school?** You must not be a student (enrolled full-time for at least five months of the calendar year).
3. **Are you no longer claimed as someone else's dependent?** You must not be a dependent.

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4. **Is your income within the program's limits?** Your Modified Adjusted Gross Income (MAGI) must fall within a range. For 2027, a **full 50% match** applies for those with MAGI **at or below** these thresholds:

- **$41,000:** married filing jointly / qualifying surviving spouse
- **$30,750:** head of household
- **$20,500:** single / married filing separately

An eligible 2027 taxpayer below the full-match threshold who contributes **$2,000** to a qualifying 401(k) or IRA can generate a **$1,000 federal match**.

For those above these MAGI thresholds, the federal match **phases down** and disappears at **$71,000, $53,250, and $35,500**, respectively.[1]

For IRA contributions, the saver generally must have taxable compensation, which can include wages and net earnings from self-employment.[2] The IRA owner must also personally satisfy the Saver's Match eligibility requirements outlined above.

It's also important to note that—for the purpose of this program—MAGI starts with Adjusted Gross Income but adds back certain amounts, including pretax retirement contributions. So a young professional generally can't say, "I make $40,000, so I'll defer $10,000 into my 401(k) and get my income down to $30,000 so that I can qualify for the Saver's Match."

How does this compare to the "Saver's Credit"?

The Saver's Match takes effect in 2027 as a replacement for the existing Saver's Credit. The biggest difference is simple: instead of receiving a tax credit, eligible savers can receive a federal matching contribution that goes into a retirement account.

This change could be particularly valuable for younger workers who may not have large federal income-tax bills. Instead of a credit that may be difficult to fully use, the Saver's Match can add money to their long-term retirement savings.

	Saver's Credit (available through 2026)	**Saver's Match** (starting in 2027)
What you receive	A nonrefundable income-tax credit	A federal retirement contribution
Maximum benefit	Up to $1,000 per person	Up to $1,000 per person
Maximum rate	50% of the first $2,000 contributed	50% of the first $2,000 contributed
Where the benefit goes	Reduces federal income tax owed	Deposited into an eligible retirement account
Key limitation	If you owe little federal income tax, you get little benefit	Eligibility phases out based on income

A potentially valuable opportunity for families

Consider Jade, a 23-year-old who has finished school, is no longer a dependent and earns $20,000 from work in 2027. Her employer offers a 401(k) and matches her contributions dollar-for-dollar.

Jade's parents are already planning to provide her with some financial support. Instead of simply giving her additional spending money, they could provide cash that helps offset the reduction in her take-home pay from contributing $2,000 to her 401(k).

Assuming Jade satisfies all applicable requirements, **her $2,000 contribution could receive a $2,000 employer match plus a $1,000 Saver's Match from the federal government.**

That could turn **$2,000 of Jade's retirement savings into $5,000 toward her retirement**. For families already planning to support a young adult, this provides another way to think about that support: **helping create room in the young adult's budget to capture both employer and federal matching dollars.**

A Roth IRA may be worth considering

For a younger adult early in their career, a Roth IRA may be an attractive alternative to pre-tax IRA contributions. Roth IRA contributions are not tax-deductible, but qualified distributions are generally tax-free.[2] For a younger worker who may be in a relatively low tax bracket today and has decades before retirement, that combination may be particularly attractive.

There is one important distinction: **a Roth IRA contribution can count toward calculating the Saver's Match, but the government match generally cannot be deposited into the Roth IRA itself.** The match must generally be directed to an eligible non-Roth retirement account that accepts Saver's Match contributions, such as a traditional IRA or the non-Roth portion of certain workplace retirement plans.[3]

Alternatively, an eligible young adult might choose to make a $2,000 contribution to a Roth IRA rather than a workplace plan. In that case, the Roth IRA contribution could help generate the Saver's Match, while the federal match itself would generally need to go into an eligible non-Roth retirement account.

Next steps

If you or an adult child could qualify in 2027, consider taking these steps:

- **Check eligibility:** Pay particular attention to age, student status, dependency status and expected 2027 income.
- **Look at the first $2,000 of retirement savings:** For someone eligible for the full match, this may be a particularly valuable savings opportunity.
- **Consider Roth versus traditional:** A Roth IRA may be attractive for a young worker, even though the federal match itself generally needs a non-Roth destination.
- **Plan family gifts thoughtfully:** Parents or grandparents who already intend to provide financial help might consider whether helping fund an eligible young adult's retirement contribution could increase the long-term value of that support.
- **Revisit the strategy annually:** Income, dependency status, student status and retirement-plan participation can change.

For families with young adults transitioning from school into the workforce, 2027 may bring a new reason to have the retirement-savings conversation early.

End notes

[1] For taxpayers above the income level for the full 50% Saver's Match, the match percentage is reduced as modified adjusted gross income rises. **The 50% matching percentage is reduced by one percentage point for each $300 of excess income for married couples filing jointly, each $225 for heads of household, and each $150 for single filers or married individuals filing separately.** The resulting percentage is rounded to the nearest whole percentage point and applied to up to $2,000 of eligible contributions. **Example:** A single filer with $25,000 of MAGI is $4,500 above the $20,500 full-match threshold. Dividing $4,500 by $150 reduces the 50% match rate by 30 percentage points, producing a **20% match**. A $2,000 qualifying contribution would therefore generate a **$400 Saver's Match**.

[2] Internal Revenue Service. (2026, September 24). *Topic no. 451, individual retirement arrangements (IRAs).* https://www.irs.gov/taxtopics/tc451.

[3] Internal Revenue Service. (2026). *Notice of intent to issue regulations with respect to Saver's Match contributions* (Notice 2026-48). U.S. Department of the Treasury. https://www.irs.gov/pub/irs-drop/n-26-48.pdf.

Important note: Contributions to **ABLE** (Achieving a Better Life Experience) **accounts may continue to qualify for the Saver's Credit in 2027 and beyond,** subject to the applicable eligibility requirements. Families supporting an individual with a disability should therefore evaluate ABLE contributions separately from the new Saver's Match. Source: Internal Revenue Service. (2026, August 7). *Saver's Match.* https://www.irs.gov/credits-deductions/savers-match.

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