

Lowering AGI this year can help taxpayers when they file next year

A taxpayer's adjusted gross income is one factor that determines how much tax they owe. Taxpayers who plan today can lower their AGI.

These tips focus on steps taxpayers can take now to help them down the road.

Here are a couple things taxpayers can do now to lower their AGI:
Know how adjusted gross income affects taxes

- A taxpayer's AGI and tax rate are important factors in figuring their taxes. AGI is their income from all sources minus any adjustments or deductions to their income. Generally, the higher the AGI, the higher their tax rate, and the more tax they pay.
- Tax planning can include making changes during the year that can lower a taxpayer's AGI. The taxpayer could:
 - Contribute to a Health Savings Account
 - Claim educator expenses if they're a qualifying educator
 - Pay student loan interest

A full list is on [Schedule 1](#) of Form 1040.

Save for retirement

- [Retirement savings](#) can also lower AGI.
 - Contributing money to a retirement plan at work like a 401(k) plan can reduce a taxpayer's AGI.
 - Investing in a traditional IRA plan is another way to save for retirement and lower AGI.
 - Self-employed SEP, SIMPLE, and qualified plans are also retirement options that can lower AGI.

The IRS has several digital tools taxpayers can use to stay updated on important tax information that may help with tax planning.