Economic Skills

Unit 2 – Independent Living

Filling out Your W-4 Form

**W-4 Forms: The Basics**

W-4s aren’t as scary as they may look. Employees complete this two-page form so that their employers know how much federal income tax needs to be withheld from their paychecks. Withholding involves having a portion of your earnings taken and sent to the government.

Although you’re required to submit a W-4 when you’re first hired, you can turn in a new form as often as once a year or whenever you need to update your filing status. Depending on those changes, you may have more or less tax pulled from your wages.

You can expect the information on your W-4 to go into effect fairly quickly. Your boss must update your information by the beginning of the pay period that ends 30 or more days after you hand in the form. If you do not complete a W-4 within that period the IRS will treat your income like it’s taking taxes from a single person with zero withholding allowances. That’s the highest possible withholding rate, and it could be a real problem if you need more take-home pay to buy a new house or cover some other expense.

**Adding Up Your Allowances, Deductions and Adjustments**

Before you can fill out a W-4 form, you’ll need to complete the personal allowances worksheet (lines A – G on the back of the W4 form). You’ll need to enter numbers in lines A – G based on your unique situation, so pay close attention to the instructions. If you’re single and you have one job, you’ll enter a “1” for line A and a “1” for line B (as the number of your allowances increases, the amount of money withheld from your paycheck decreases). Write the sum of your allowances on line H. That will be “2” for the unmarried person with only one employer.

If you have any deductions or income adjustments to make, you can then move on to the second page. On the deductions and adjustments worksheet, you’ll need to do some math as you estimate your adjustments and add up your deductions that come from giving to charity or getting a mortgage. It’s possible to get adjustments for paying alimony, moving, and having a health savings account.

**How to Fill out the Two-Earners/Multiple Jobs Worksheet**

Anyone who works a second job herself/himself or who has a spouse who works will need to take a look at the two-earners/multiple jobs worksheet. The number from line H on the personal allowances worksheet goes on line 1 of this worksheet, unless you have deductions or allowances.

The two tables at the bottom of the page will help you complete lines 2 through 9. These tables basically show you which numbers to enter depending on which of your jobs brings in the most and least amount of income.

**How to Fill out Your W-4 Form**

Lines 1 through 4 of your W-4 are for your personal information: your name, address, social security number and filing status. Line 5 is for either the number from line H on your personal allowances sheet or the number from line 10 on your deductions and adjustments worksheet. Any extra money you want withheld from your check or the total from the two earners/multiple jobs worksheet goes on line 6.

In order to avoid withholding altogether, you’ll have to fall into both of the following categories: you have no tax liability this year AND you had no tax liability in the previous tax season (all of the federal income tax you paid was given back to you). You may also be able to claim an exemption if your earned income for the year is extremely low ($1,050 or less). If those conditions apply to you, you can write “exempt” in line 7. Keep in mind that the exemption only eliminates your federal income taxes, not your Medicare or Social Security. After you’ve signed the form, you’re good to go!

Amanda Dixon, “A Guide to Filling out Your W-4 Form,” *SmartAsset.com*, February 1, 2017. <https://smartasset.com/taxes/a-guide-to-filling-out-your-w-4-form>.