

# Federal Income Tax Withholding

A common issue all workers must deal with is federal income tax withholding. Because tax laws and tax brackets change over time, having an appropriate amount of federal tax withholding can significantly reduce your overall financial stress. If you get a large refund each year, you can reduce the financial strain on your monthly household budget by having less tax withheld per paycheck. Conversely, if you owe a large amount of income tax when your tax return is due each year, you can lower that financial stress by having more tax withheld throughout the year.

## How Much to Withhold?

The IRS recommends using its “Tax Withholding Estimator,” which is an online calculator. To run the Estimator, you’ll need to gather a few documents first. Locate your most current paystub, and if you are married filing jointly, your spouse’s most current paystub. You will need to know amounts for your annual income, income year-to-date, federal tax withheld year-to-date and amount withheld on your last paycheck, and how much you plan to contribute to any retirement accounts. The good news is you can find all this data on your most recent paystub.

As you work through the Estimator, it will ask whether you want to take an “itemized” deduction or the “standard” deduction. Many taxpayers will take the standard deduction. However, you may want to select the itemized deduction option if you have a combined high dollar amount of mortgage interest, charitable donations, state income tax, and real estate tax.

The calculator will guide you through the common itemized deductions if you choose to go this route.

Depending on your situation, you may be eligible for various income tax credits. These include credits for children and dependent-care, retirement savings, college expenses and others. The calculator will also walk you through a list of these credits, if applicable to you.

After entering all of the above data, the Estimator will provide you with your results. You will see whether you can expect a refund or if you might owe a balance. There is a handy slider you can adjust (from left to right) to determine how much of a refund, if any, you would like. If you need more or less federal tax withheld, the calculator will give you (and your spouse if married) an estimated per-paycheck amount to adjust. You can use this information to file a new W-4 with your employer.

SEE OTHER SIDE 

### **How Do I Change My Withholding?**

When you're ready to make a change to your withholding amount, talk with your employer about the change process. Many

employers now allow (and some require) you to make online changes through your employer's payroll system by completing a new online W-4.

Find the calculator at **[www.irs.gov/individuals/tax-withholding-estimator](http://www.irs.gov/individuals/tax-withholding-estimator)**.

*Utah State Income Tax Withholding is calculated from the marital status only. State exemptions are no longer applicable.*



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