

W-4 Simulation Worksheet

Chapter 1.3: Income and Taxes

Understanding the W-4 Form

The W-4 form, officially titled "Employee's Withholding Certificate," is completed when starting a new job. It helps your employer determine how much federal income tax to withhold from your paycheck. Making proper choices on your W-4 is important for your financial planning, as it affects your take-home pay throughout the year and your tax situation when filing your annual return.

Scenario: Jordan Rivers

Jordan Rivers is a high school student who just got hired for a part-time job at a local coffee shop. Jordan will be working 15 hours per week at \$15 per hour. Jordan is single, has no dependents, and this is Jordan's only job. Jordan wants to fill out the W-4 form correctly to ensure appropriate tax withholding.

W-4 Form Simulation

Employee's Withholding Certificate (Form W-4)

Step 1: Personal Information

Name: Jordan Rivers

Address: 123 Main Street, Anytown, CA 12345

Social Security Number: XXX-XX-1234

Filing Status (Select one):

☐

Single or Married filing separately

☐

Head of household

☐

Married filing jointly

☐

Qualifying widow(er)

Explanation for filing status selection:

Step 2: Multiple Jobs or Spouse Works

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works.

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Use the estimator at www.irs.gov/W4App

☐

Use the Multiple Jobs Worksheet on page 3

☐

If there are only two jobs total, check this box

Explanation for multiple jobs selection:

Step 3: Claim Dependent and Other Credits

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000: \$

Enter amount

Multiply the number of other dependents by \$500: \$

Enter amount

Add amounts and enter total here: \$

Enter amount

Explanation for dependent credits:

Step 4: Other Adjustments (Optional)

(a) Other income (not from jobs): \$

Enter amount

(b) Deductions: \$

Enter amount

(c) Extra withholding: \$

Enter amount

Explanation for other adjustments:

Step 5: Sign Here

I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature:

Sign here

Date:

MM/DD/YYYY

Analyzing Withholding Impact

Now that you've completed the W-4 form for Jordan, let's analyze how your choices would impact Jordan's paycheck and tax situation.

Paycheck Impact Analysis

Based on the choices you made on Jordan's W-4, estimate the impact on Jordan's paycheck:

Weekly Gross Pay (15 hours × \$15/hour)	\$225.00
Estimated Federal Tax Withholding	\$_____
Estimated FICA Taxes (7.65%)	\$17.21
Estimated Weekly Net Pay	\$_____

How would your withholding choices affect Jordan's weekly budget?

Year-End Tax Impact

Consider how the withholding choices will affect Jordan's year-end tax situation:

Based on your W-4 selections, do you expect Jordan to:

☐

Receive a tax refund

☐

Owe additional taxes

☐

Break even (no refund or additional taxes)

Explain your reasoning:

W-4 Adjustment Scenarios

Consider how the following life changes would affect Jordan's W-4 form and required withholding:

Scenario 1: Jordan starts a second part-time job at a retail store. How should the W-4 be adjusted?

Scenario 2: Jordan enrolls in college and becomes eligible for education tax credits. How should the W-4 be adjusted?

Scenario 3: Jordan gets married. How should the W-4 be adjusted?

Reflection Questions

1. How does properly completing a W-4 form help with financial planning throughout the year?

2. Why is it important to update your W-4 when you experience major life changes?

3. What are the potential consequences of having too little tax withheld from your paycheck?

4. What are the potential consequences of having too much tax withheld from your paycheck?