

Building Your Financial House

Set the Foundation of Your Future

Case Study Ex-Offender Reentry Appendix A

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Appendix A: Harry and Diana's Taxes

Harry R Client is Barry's brother. Harry is married to Diana, and they have two daughters, Lori and Patricia. Harry and Diana both work, although he was unemployed at the beginning of the year. Below are their federal income tax forms and documents from 2015; use these to complete the 1040 Review Worksheet and What Will You Do to see Harry and Diana's true tax position. Then complete a new IRS Form W-4 for each.

Harry's W-2

a Employee's social security number XXX-XX-XXXX		OMB No. 1545-0008		This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.			
b Employer's identification number (EIN) 23-XXXXXXX		1 Wages, tips, other compensation 22,888.50		2 Federal income tax withheld 3,502.00			
c Employer's name, address, and ZIP code THE NEW COMPANY 123 BUSINESS ROAD NEW-TOWN, PA 180XX		3 Social security wages 25,567.00		4 Social security tax withheld 1,585.15			
		5 Medicare wages and tips 25,567.00		6 Medicare tax withheld 370.72			
		7 Social security tips		8 Allocated tips			
d Control number 123456789		9		10 Dependent care benefits			
e Employee's first name and initial HARRY R CLIENT 123 WHERETHEYLIVE ST THEIRCITY, PA 180XX		f Employee's address and ZIP code.		13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12a See instructions for box 12	
				14 Other HEALTH 1,218.00		12b	
						12c	
						12d 2,678.50	
15 State number PA	Employer's state ID 23-XXXXXXX	16 State wages, tips, etc. 25,567.00	17 State income tax 784.91	18 Local wages, tips, etc. 25,567.00	19 Local income tax 396.29	6 Locality name TCTY	

Harry's 1099-G

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. THE OLD COMPANY 321 BUSINESS ROAD OLD-TOWN, PA 180XX		1 Unemployment compensation 4,308.00		OMB No. 1545-0120 <div style="font-size: 2em; font-weight: bold;">2015</div> Form 1099-G	
		2 State or local income tax refunds, credits, or offsets			
PAYER'S federal identification number 23-XXXXXXX	RECIPIENT'S federal identification number XXX-XX-XXXX	3 Box 2 amount is for tax year		4 Federal income tax withheld	
RECIPIENT'S name HARRY R CLIENT 123 WHERETHEYLIVE ST THEIRCITY, PA 180XX Street address (including apt. no.) City or town, state or province, country, ZIP or foreign postal code Account number (see instructions)		5 RTTA payments		6 Taxable grants	
		7 Agriculture payments		8 If checked, box 2 is trade or business income <input type="checkbox"/>	
		9 Market gain			
		10a State PA	10b State identification no. 23-XXXXXXX	11 State income tax withheld	

Diana's W-2

		a Employee's social security number <div style="text-align: center;">XXX-XX-XXXX</div>		OMB No. 1545-0008 <small>This information is being furnished to the Internal Revenue Service. If you are required to file a tax return, a negligence penalty or other sanction may be imposed on you if this income is taxable and you fail to report it.</small>			
b Employer's identification number (EIN) <div style="text-align: center;">23-XXXXXXX</div>		1 Wages, tips, other compensation <div style="text-align: right;">20,596.50</div>		2 Federal income tax withheld <div style="text-align: right;">2,286.70</div>			
c Employer's name, address, and ZIP code THE SAME COMPANY 123 BUSINESS ROAD SAME-TOWN, PA 180XX		3 Social security wages <div style="text-align: right;">21,896.50</div>		4 Social security tax withheld <div style="text-align: right;">1,357.58</div>			
		5 Medicare wages and tips <div style="text-align: right;">21,896.50</div>		6 Medicare tax withheld <div style="text-align: right;">317.50</div>			
		7 Social security tips 		8 Allocated tips 			
d Control number <div style="text-align: center;">123456789</div>		9		10 Dependent care benefits 			
e Employee's first name and initial Last Name Suff. DIANA CLIENT 123 WHERE THEY LIVE ST THEIR CITY, PA 180XX		13 Statutory employee Retirement plan Third-party sick pay <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> </div>		12a See instructions for box 12			
		14 Other HEALTH 1094.80 FSA 650.00		12b			
				12c 1300.00			
				12d			
f Employee's address and ZIP code.							
15 State <div style="text-align: center;">PA</div>	Employer's state ID number <div style="text-align: center;">23-XXXXXXX</div>	16 State wages, tips, etc. <div style="text-align: right;">21,896.50</div>	17 State income tax <div style="text-align: right;">672.22</div>	18 Local wages, tips, etc. <div style="text-align: right;">21,896.50</div>	19 Local income tax <div style="text-align: right;">339.40</div>	6 Locality name <div style="text-align: center;">TCTY</div>	

This section intentionally left blank.

For the year Jan. 1–Dec. 31, 2015, or other tax year beginning

, 2015, ending

, 20

See separate instructions.

Your first name and initial

Last name

Your social security number

Harry R.

Client

X X X | X X | X X X X

If a joint return, spouse's first name and initial

Last name

Spouse's social security number

Diana

Client

X X X | X X | X X X X

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

▲ Make sure the SSN(s) above and on line 6c are correct.

123 Wheretheylive St

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).

Presidential Election Campaign

Therecity, PA 180XX

Foreign country name

Foreign province/state/county

Foreign postal code

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
☐ You ☐ Spouse

Filing Status

1 ☐ Single2 ☒ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶4 ☐ Head of household (with qualifying person). (See instructions.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶5 ☐ Qualifying widow(er) with dependent child

Check only one box.

Exemptions

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6ab ☒ Spouse

Boxes checked on 6a and 6b 2

c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> if child under age 17 qualifying for child tax credit (see instructions)
Lori	Client	X X X X X X X X X	Daughter	<input checked="" type="checkbox"/>
Patricia	Client	X X X X X X X X X	Daughter	<input checked="" type="checkbox"/>
				<input type="checkbox"/>
				<input type="checkbox"/>

No. of children on 6c who:
• lived with you 2
• did not live with you due to divorce or separation (see instructions)

Dependents on 6c not entered above

Add numbers on lines above ▶ 4

If more than four dependents, see instructions and check here ☐

d Total number of exemptions claimed

Income

7 Wages, salaries, tips, etc. Attach Form(s) W-2

7 43,485

8a Taxable interest. Attach Schedule B if required

8a

b Tax-exempt interest. Do not include on line 8a

8b

9a Ordinary dividends. Attach Schedule B if required

9a

b Qualified dividends

9b

10 Taxable refunds, credits, or offsets of state and local income taxes

10

11 Alimony received

11

12 Business income or (loss). Attach Schedule C or C-EZ

12

13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐

13

14 Other gains or (losses). Attach Form 4797

14

15a IRA distributions

15a

b Taxable amount

15b

16a Pensions and annuities

16a

b Taxable amount

16b

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E

17

18 Farm income or (loss). Attach Schedule F

18

19 Unemployment compensation

19 4308

20a Social security benefits

20a

b Taxable amount

20b

21 Other income. List type and amount

21

22 Combine the amounts in the far right column for lines 7 through 21. This is your total income ▶

22 47,793

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

Adjusted Gross Income

23 Educator expenses

23

24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ

24

25 Health savings account deduction. Attach Form 8889

25

26 Moving expenses. Attach Form 3903

26

27 Deductible part of self-employment tax. Attach Schedule SE

27

28 Self-employed SEP, SIMPLE, and qualified plans

28

29 Self-employed health insurance deduction

29

30 Penalty on early withdrawal of savings

30

31a Alimony paid b Recipient's SSN ▶

31a

32 IRA deduction

32

33 Student loan interest deduction

33

34 Tuition and fees. Attach Form 8917

34

35 Domestic production activities deduction. Attach Form 8903

35

36 Add lines 23 through 35

36 0

37 Subtract line 36 from line 22. This is your adjusted gross income ▶

37 47,793

Tax and Credits**Standard Deduction for —**

• People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.

• All others:
Single or Married filing separately, \$6,300
Married filing jointly or Qualifying widow(er), \$12,600
Head of household, \$9,250

38	Amount from line 37 (adjusted gross income)	38	47,793
39a	Check <input type="checkbox"/> You were born before January 2, 1951, <input type="checkbox"/> Blind. <input type="checkbox"/> Spouse was born before January 2, 1951, <input type="checkbox"/> Blind. Total boxes checked ▶ 39a <input type="checkbox"/>		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b <input type="checkbox"/>		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	12,600
41	Subtract line 40 from line 38	41	35,193
42	Exemptions. If line 38 is \$154,950 or less, multiply \$4,000 by the number on line 6d. Otherwise, see instructions	42	16,000
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	19,193
44	Tax (see instructions). Check if any from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 c <input type="checkbox"/>	44	1,954
45	Alternative minimum tax (see instructions). Attach Form 6251	45	
46	Excess advance premium tax credit repayment. Attach Form 8962	46	
47	Add lines 44, 45, and 46	47	1,954
48	Foreign tax credit. Attach Form 1116 if required	48	
49	Credit for child and dependent care expenses. Attach Form 2441	49	
50	Education credits from Form 8863, line 19	50	
51	Retirement savings contributions credit. Attach Form 8880	51	478
52	Child tax credit. Attach Schedule 8812, if required	52	2,000
53	Residential energy credits. Attach Form 5695	53	
54	Other credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/>	54	
55	Add lines 48 through 54. These are your total credits	55	2,478
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0-	56	0

Other Taxes

57	Self-employment tax. Attach Schedule SE	57	
58	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	58	
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	59	
60a	Household employment taxes from Schedule H	60a	
b	First-time homebuyer credit repayment. Attach Form 5405 if required	60b	
61	Health care: individual responsibility (see instructions) Full-year coverage <input type="checkbox"/>	61	
62	Taxes from: a <input type="checkbox"/> Form 8959 b <input type="checkbox"/> Form 8960 c <input type="checkbox"/> Instructions; enter code(s) <input type="text"/>	62	
63	Add lines 56 through 62. This is your total tax	63	0

Payments

If you have a qualifying child, attach Schedule EIC.

64	Federal income tax withheld from Forms W-2 and 1099	64	5,789
65	2015 estimated tax payments and amount applied from 2014 return	65	
66a	Earned income credit (EIC)	66a	463
b	Nontaxable combat pay election 66b <input type="checkbox"/>		
67	Additional child tax credit. Attach Schedule 8812	67	
68	American opportunity credit from Form 8863, line 8	68	
69	Net premium tax credit. Attach Form 8962	69	
70	Amount paid with request for extension to file	70	
71	Excess social security and tier 1 RRTA tax withheld	71	
72	Credit for federal tax on fuels. Attach Form 4136	72	
73	Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> Reserved c <input type="checkbox"/> 8885 d <input type="checkbox"/>	73	
74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments	74	6,252

Refund

Direct deposit? See instructions.

75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid	75	6,252
76a	Amount of line 75 you want refunded to you . If Form 8888 is attached, check here <input type="checkbox"/>	76a	
b	Routing number <input type="text"/>	c	Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
d	Account number <input type="text"/>		

Amount You Owe

77	Amount of line 75 you want applied to your 2016 estimated tax ▶	77	
78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions ▶	78	
79	Estimated tax penalty (see instructions)	79	

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? ☐ **Yes.** Complete below. ☐ **No**

Designee's name ▶	Phone no. ▶	Personal identification number (PIN) ▶
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Sign Here

Joint return? See instructions. Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here (see inst.) <input type="text"/>

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no.

Review Harry and Diana's 1040 (2015)

Income feels good, except when we have to pay taxes on it! The IRS has many tools that will reduce taxable income and taxes owed especially when we invest in ourselves, take care of our health, and save for our future. Sorting through the tools is complicated but can be easier with a basic understanding of key tax items. In this worksheet, enter the numbers from your actual 1040 or 1040A as indicated so you can see how the tools may help your situation.

Key Item	Your Numbers	
	Where?	Entry
Filing Status It's more like "family status" that affects deductions/credits, tax table, etc.	See first section below name, address, and SS#'s	Filing Status: _____
Exemptions This is the number of people in your household that are supported with your income.	See section below Filing Status	# of Exemptions: _____
Income Everyone is subject to tax on income.	1040 line 22 -or- 1040A line 15	Total Income: \$_____
Adjustments Some expenses are <i>encouraged</i> and allowed to reduce income.	1040 line 36 -or- 1040A line 20	Adjustments: \$_____
Adjusted Gross Income (AGI) AGI is used for certain tax calculations.	1040 line 37 -or- 1040A line 21	AGI: \$_____
Deductions Certain other expenses are allowed to reduce income. You are entitled to a deduction whether or not you have these expenses.	1040 line 40 -or- 1040A line 24	Deductions: \$_____
Exemptions Everyone entitled to income that is exempt from taxes.	1040 line 42 -or- 1040A line 26	Exemptions: \$_____
Taxable Income This is the amount upon which the initial tax calculation is based.	1040 line 43 -or- 1040A line 27	Taxable Income: \$_____
Compare your Total Income to Taxable Income		
Calculate the percentage of your income that <i>is actually</i> subject to tax.		
(Taxable Income ÷ Total Income) x 100 = _____ % of Income Subject to Federal Income Taxes		



Key Item and Why	Your Numbers	
	Where?	Entry
Tax This is your initial tax calculation.	1040 line 47 -or- 1040A line 30	Tax: \$ _____
Credits Certain expenses paid and savings qualify to reduce the taxes owed.	1040 line 55 -or- 1040A line 36	Total Credits: \$ _____
Other Taxes (1040 only) Taxes on special items	1040 lines 57-62	Other Taxes: \$ _____
Total Tax The net total tax you owe for the year.	1040 line 63 -or- 1040A line 39	TOTAL TAX: \$ _____
Payments Taxes that you have already paid towards your total tax during the year.	1040 line 74 -or- 1040A line 46	Payments: \$ _____
Refund or Payment Due The final result.	1040 line 75 -or- 1040A line 47	Refund: \$ _____
	1040 line 78 -or- 1040A line 50	Payment Due: \$ _____

Compare your Total Tax to Withholding

(1) If you are getting a refund, look at your withholding from wages (1040 line 64 –or- 1040A line 40) and compare it to your Total Tax.

Federal income tax withheld from Forms W-2 and 1099 – Total Tax

If your Total Tax is less than your withholding, that means you are sending the IRS too much from your wages. For example, let's say your Total Tax is \$500 and your withholding is \$2,900. Your comparison would look like this: **\$2,900 - \$500 = \$2400**

If you get paid every two weeks, it means that you're sending the IRS an extra **\$92** from every paycheck. Think of what you could do with that \$92 per check now instead of sending it to the IRS, to hold on to until the end of the year, when you have ask for it back by filing your federal tax return.

You can make adjustments to your withholding by changing your W-4 Employee's Withholding Allowance Certificate. Your employer's personnel department will have this form. Visit www.irs.gov/individuals/IRS-Withholding-Calculator to see what you should be claiming and submit the new form to your employer.

Keep in mind that if you do change your withholding, your tax refund will be less. Also, revisit your withholding on annual basis or if your family status changes to keep your withholding on track and are not surprised at the end of the year.

(2) If you have a payment due, revisit your withholding if you would rather send the IRS a little more every paycheck than writing a check to them when you file your return. There are penalties for not withholding enough, so you want to make sure your W-4 form is correct.

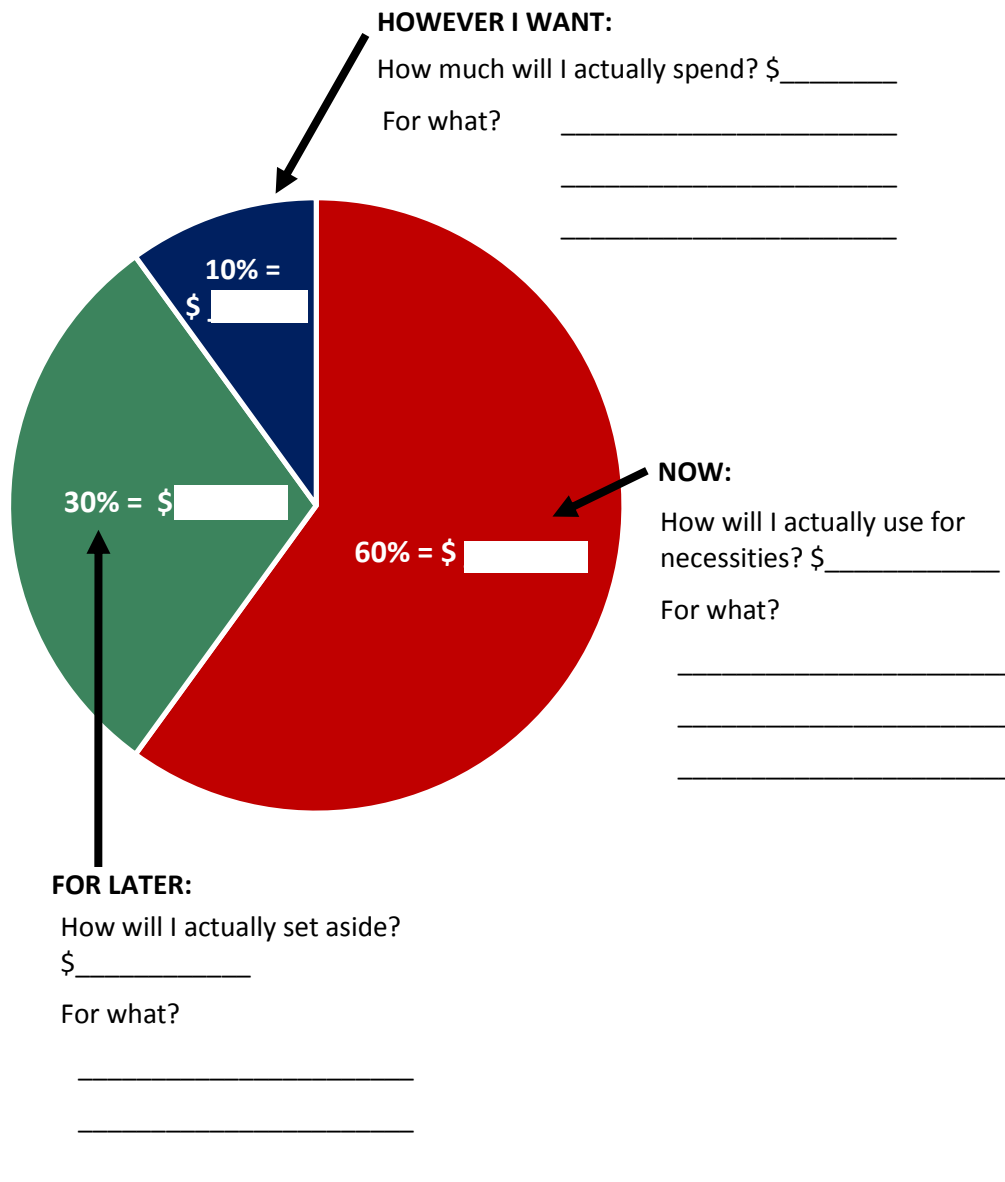
What Would You Do with Harry and Diana's Refund Amount?

Enter Harry and Diana's tax refund amount: _____

NOW: 60% to spend on must-haves. This includes paying off debt or taking care of necessities like rent or food. This percentage may be higher if you have a lot of high-interest debt.)

FOR LATER: 30% to save for your future and the unexpected. This is to cover life's emergencies or start up a long-term savings goal. You could also save yourself from debt in the future by saving now.

HOWEVER I WANT: 10% to spend on nice-to-haves. Use this money for things like shopping, giving money to relatives, or whatever is important to you and your family!



Source: Adapted from Spend Some, Save Some: Making the Most of Your tax Refund. (CFED)

Form W-4 (2016)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2016 expires February 15, 2017. See Pub. 505, Tax Withholding and Estimated Tax.

Note: If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

Exceptions. An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

- Is age 65 or older,
- Is blind, or
- Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

The exceptions do not apply to supplemental wages greater than \$1,000,000.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 505 for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 505 to see how the amount you are having withheld compares to your projected total tax for 2016. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Future developments. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at www.irs.gov/w4.

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A _____
B	Enter "1" if: <div style="display: inline-block; vertical-align: middle;"> <ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. </div>	B _____
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C _____
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D _____
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E _____
F	Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit	F _____
G	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. • If your total income will be less than \$70,000 (\$100,000 if married), enter "2" for each eligible child; then less "1" if you have two to four eligible children or less "2" if you have five or more eligible children. • If your total income will be between \$70,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child	G _____
H	Add lines A through G and enter total here. (Note: This may be different from the number of exemptions you claim on your tax return.) ►	H _____
<div style="display: flex; align-items: center;"> <div style="flex: 1;"> <p>For accuracy, complete all worksheets that apply.</p> </div> <div style="flex: 2; border-left: 1px solid black; padding-left: 10px;"> <ul style="list-style-type: none"> • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2. • If you are single and have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld. • If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below. </div> </div>		

----- Separate here and give Form W-4 to your employer. Keep the top part for your records. -----

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: left;"> <p>Form W-4</p> <p>Department of the Treasury Internal Revenue Service</p> </div> <div style="text-align: center;"> <p>Employee's Withholding Allowance Certificate</p> <p>► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</p> </div> <div style="text-align: right;"> <p>OMB No. 1545-0074</p> <p style="font-size: 2em; font-weight: bold;">2016</p> </div> </div>					
1 Your first name and middle initial Harry R		Last name Client		2 Your social security number xxx-xx-xxxx	
Home address (number and street or rural route) 123 Wheretheylive St		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.			
City or town, state, and ZIP code Theircity, PA 180XX		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ► <input type="checkbox"/>			
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)		5			
6 Additional amount, if any, you want withheld from each paycheck		6		\$	
7 I claim exemption from withholding for 2016, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here		7			
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.					
Employee's signature (This form is not valid unless you sign it.) ►					
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)		10 Employer identification number (EIN)	

Form W-4 (2016)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2016 expires February 15, 2017. See Pub. 505, Tax Withholding and Estimated Tax.

Note: If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,050 and includes more than \$350 of unearned income (for example, interest and dividends).

Exceptions. An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

- Is age 65 or older,
- Is blind, or
- Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

The exceptions do not apply to supplemental wages greater than \$1,000,000.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 505 for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 505 to see how the amount you are having withheld compares to your projected total tax for 2016. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Future developments. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at www.irs.gov/w4.

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A	_____
B	Enter "1" if: <div style="display: inline-block; vertical-align: middle;"> <ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. </div>	B	_____
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C	_____
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D	_____
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E	_____
F	Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit	F	_____
G	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. • If your total income will be less than \$70,000 (\$100,000 if married), enter "2" for each eligible child; then less "1" if you have two to four eligible children or less "2" if you have five or more eligible children. • If your total income will be between \$70,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child	G	_____
H	Add lines A through G and enter total here. (Note: This may be different from the number of exemptions you claim on your tax return.) ►	H	_____
<div style="display: flex; align-items: center;"> <div style="border-left: 1px solid black; padding-left: 10px; margin-right: 10px;"> For accuracy, complete all worksheets that apply. </div> <div> <ul style="list-style-type: none"> • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2. • If you are single and have more than one job or are married and you and your spouse both work and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the Two-Earners/Multiple Jobs Worksheet on page 2 to avoid having too little tax withheld. • If neither of the above situations applies, stop here and enter the number from line H on line 5 of Form W-4 below. </div> </div>			

----- Separate here and give Form W-4 to your employer. Keep the top part for your records. -----

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: left;"> Form W-4 Department of the Treasury Internal Revenue Service </div> <div style="text-align: center;"> Employee's Withholding Allowance Certificate ► Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS. </div> <div style="text-align: right;"> OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2016</div> </div> </div>					
1 Your first name and middle initial Diana		Last name Client		2 Your social security number xxx-xx-xxxx	
Home address (number and street or rural route) 123 Wheretheylive St		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note: If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.			
City or town, state, and ZIP code Theircity, PA 180XX		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ► <input type="checkbox"/>			
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)		5			
6 Additional amount, if any, you want withheld from each paycheck		6		\$	
7 I claim exemption from withholding for 2016, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here		7			
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.					
Employee's signature (This form is not valid unless you sign it.) ►					
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional)		10 Employer identification number (EIN)	

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