

## **Start the New Year off right by reviewing your W-4 Exemptions**

Life is constantly changing from year to year. One item that you should review annually is your Federal W-4 IRS form. We are most familiar with this form when we start a new job, as it is required upon hire. The form is simple, yet the consequences of the number entered can have a financial impact. An important reason to keep it up to date is that as tax events occur in your life, it can cause your previous exemptions to significantly withhold more or less than they should.

If your income has not changed significantly from last year and you haven't done anything to significantly change your tax status, it is likely you will be fine by keeping your same exemptions. But if in the last year you were married, had a child, purchased or sold a home or other such changes, you may need to change your exemptions. The [W-4](#) includes instructions and a worksheet to help you determine what you should select. An even easier tool is the online [IRS Withholding Calculator](#).

It pays to make the changes as soon as possible. If you will owe more in taxes this coming year, catching it soon will spread out the additional withholdings over a full year, making it less noticeable in your paycheck. Just the opposite, if you were over-withholding, by starting early you will have additional current dollars in your pocket right away. It can be saved or applied to debt now instead of letting the IRS hold your money for a year and giving it back to you after inflation has taken its toll on your hard-earned money.