



**To:** Employees of Loyola Marymount University and Loyola Law School

**From:** Manager of Payroll Services

**Date:** January 1, 2021

## **Re: 2021 Form W-4 – Letter of Explanation**

The 2021 Form W-4, *Employee's Withholding Certificate*, is very different from previous versions. This is due to the federal tax law changes that took place in 2018. The Internal Revenue Service (IRS) is not requiring all employees to complete the revised form and has designed the withholding tables so that they will work with both the new and prior year forms. However, certain employees will be required to use the new form: those hired starting in 2021 and anyone who makes withholding changes beginning in 2021.

Even though the IRS does not require all employees to complete the revised form and even if your tax situation has not changed, we recommend you perform a "*paycheck checkup*" to see if you need to make adjustments to your current withholding. To conduct the checkup, you can use the IRS's Tax Withholding Estimator ([www.irs.gov/W4App](https://www.irs.gov/W4App)).

To effectively use the estimator, it is helpful to have a copy of your most recent LMU pay stub and tax return. It is likely that the estimator will be updated to account for the 2021 tax tables in early January. **Please note: if you do not submit a new form, withholding will continue based on your previously submitted form.**

Before completing the 2021 Form W-4, please read the instructions that are included with the form. **You must complete Steps 1 and 5.** Complete Steps 2 through 4 only if they apply to you. Doing so will make your withholding more accurately match your tax liability. Step 1 is for your personal information; Step 2 is for households with multiple jobs; Step 3 is used to claim tax credits for dependents; Step 4 is for other adjustments (additional income such as interest and dividends, itemized deductions that exceed the standard deduction, and extra tax you want withheld); and Step 5 is where you sign the form.

The IRS takes your privacy seriously and suggests that, if you are worried about reporting income from multiple jobs in Step 2 or other income in Step 4(a), you check the box in Step 2(c) or enter an additional withholding amount in Step 4(c). To determine the additional withholding amount, you can use the withholding estimator.

The IRS has also published Frequently Asked Questions that you may find helpful as you complete the form (<https://www.irs.gov/newsroom/faqs-on-the-draft-2020-form-w-4>).