

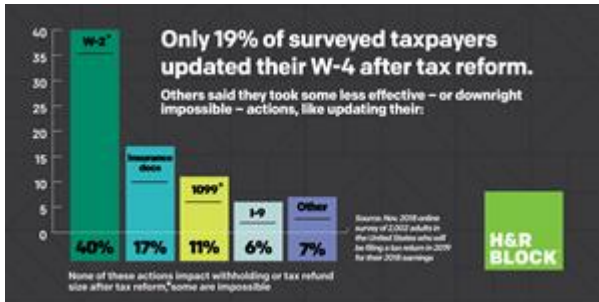


## Only 46 percent feel prepared to update their withholding on their own

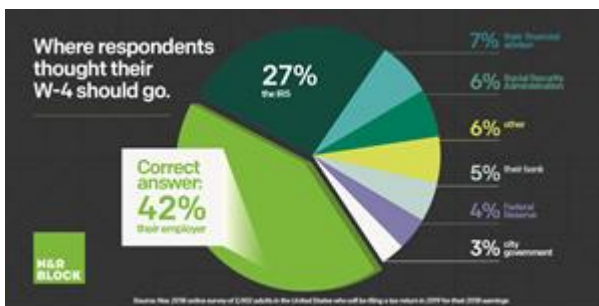
December 20, 2018

### Updating withholding is the best way to prevent drastic, unplanned refund changes

KANSAS CITY, Mo., Dec. 20, 2018 (GLOBE NEWSWIRE) -- As 2018 comes to a close and the window for correcting paycheck withholding errors narrows, an H&R Block (NYSE: HRB) survey shows why so many failed to update their withholding: they don't know how. Only 46 percent of respondents said they felt prepared to update their W-4 on their own and many showed confusion over what information a W-4 uses, when and where to submit a W-4 and how allowances increase or decrease withholding. Consumers can get help updating their W-4 before the end of the year by visiting an H&R Block office for a free tax reform checkup, which includes W-4 planning, or early next year when they file their taxes with H&R Block.



Others said they took some less effective - or downright impossible - actions, like updating their W-2s, 1099s, and I-9s.



A majority of respondents could not correctly identify their employer as where they should submit their updated W-4s.

"Consumers mostly want to get the same size refund as they have in prior years, while 47 percent actually expect a larger refund. But they haven't taken action to make that happen, and don't even know how," said Kathy Pickering, vice president of regulatory affairs and executive director of The Tax Institute at H&R Block. "The good news is that consumers can come to an H&R Block office and get free W-4 planning help during their free tax reform checkup or their tax prep appointment."

### 40 percent reported updating their W-2, which an individual cannot do

Only 19 percent of respondents updated their paycheck withholding after tax reform, even though that is the best way to ensure tax reform changes like the increased child tax credit and the limitation of state and local tax deductions do not alter their expected refunds. Another 40 percent of respondents said they updated their W-2 after tax reform, which cannot be done, and 17 percent said they updated their insurance documents.

Failing to update their W-4 puts taxpayers at risk of unplanned outcomes ranging from drastically higher refunds that could have been helpful during the year to owing the IRS instead of getting an expected refund. If taxpayers don't like their outcomes this tax season, going forward, they can update their W-4 with their employers to ensure they get a more desirable outcome next year.

### 27 percent think an updated W-4 goes to IRS, not employer

The survey showed 45 percent of respondents were unsure what factors could be considered a withholding allowance on their W-4. A W-4 form requires a lot of the same information that goes on a tax return: filing status, income, itemized deductions and eligibility for child- and dependent-related tax credits. The W-4 worksheet goes through this information to generate the number of allowances, which then determines how much tax is withheld. In a household with multiple jobs or wage earners, the balancing act of allowances between each W-4 becomes more complicated.

Before even getting into the details that go on the W-4 form, respondents were already confused. Only 42 percent of respondents knew they should

submit their updated W-4 to their employer. Respondents thought it went to the IRS (27 percent), their financial advisor (7 percent) or the Social Security Administration (6 percent).

In addition, 47 percent did not know they can update their W-4 at any time.

Finally, respondents were not sure how to adjust their withholding to get the desired outcome. Only 48 percent knew increasing withholding would result in a larger refund, while 47 percent knew decreasing withholding would result in larger paychecks.

Not surprisingly, respondents did not feel confident they could update their withholding on their own. Only 46 percent felt prepared to update their W-4 while 31 percent did not have anyone they trusted to help them.

#### **H&R Block helps in person and online**

Consumers can use H&R Block's updated [tax refund and tax reform calculator](#) online to see their expected refund, as well as a range by which their paychecks potentially increased, to show their full tax picture. If they don't like what they see, they can make estimated tax payments or adjust their withholding to affect their 2019 taxes.

For help adjusting their withholding, consumers can visit H&R Block for a free tax reform checkup at participating offices. Consumers will need to bring their 2017 tax return and related documents, as well as a current paystub, for their tax reform checkup. As part of their checkup, their tax professional will provide a recommendation for how to adjust their W-4 to get the outcome they want.

H&R Block tax professionals will also provide W-4 planning for their clients when they file their 2018 tax returns starting next year. Because a W-4 form requires a lot of the same information that goes on a tax return, and because updating a W-4 at the start of the year stretches out the changes over a longer period, tax season is an opportune time to update a W-4.

Anyone can [schedule a tax reform checkup](#) online or by calling 800-HRBLOCK.

H&R Block, Inc. (NYSE: HRB) is a global consumer tax services provider. [Tax return preparation](#) services are provided by professional tax preparers in approximately 12,000 company-owned and franchise [retail tax offices](#) worldwide, and through H&R Block [tax software products](#) for the DIY consumer. H&R Block also offers adjacent Tax Plus products and services. In fiscal 2018, H&R Block had annual revenues of over \$3.1 billion with over 23 million tax returns prepared worldwide. For more information, visit the [H&R Block Newsroom](#).

Photos accompanying this announcement are available at:

<http://www.globenewswire.com/NewsRoom/AttachmentNg/3910f586-8ecf-44a5-b08c-eef1bc1d6cc6>

<http://www.globenewswire.com/NewsRoom/AttachmentNg/c1f56f00-baf7-4a8e-a8fe-84d9d91d56cf>

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