Your bonus is treated as an additional payment to your normal pension benefit. Consequently, your bonus will be taxed just like your pension benefit, applying the federal tax withholding you have already selected. **Please note that no state taxes are withheld from this payment.** Below are some examples as to how federal tax withholding will be calculated.

**Example 1:**
A member with a taxable monthly benefit of $2,000.00 and a filing status as single and 1 exemption is in the 12% tax bracket. Therefore, a bonus payment of $600.00 will result in a federal tax withholding of $72.00 (12% of $600.00).

**Example 2:**
A member with a taxable monthly benefit of $2,000.00 and a filing status as married and 3 exemptions does not have any federal taxes withheld from their pension benefit. Therefore, no federal taxes will be withheld from the $600.00 bonus payment.

Using the federal tax withholding that you have already elected for your pension payment should minimize the possibility of any unanticipated tax liability.