

The bonus paid on December 14, 2007, will be added to the employee's regular paycheck. It will be subject to the regular taxes and deductions, including, but not limited to, OASDI, Medicare, Federal Withholding taxes, State Withholding taxes, KPERS and garnishments.

The employee may elect to increase their Deferred Compensation deduction in order to defer taxes on part of the bonus. The employee must contact ING to make that election no later than 5pm on November 19, 2007. Please note that deferred comp will only reduce the amount subject to Federal and State Withholding taxes. The OASDI, Medicare, KPERS and garnishments will be withheld based on the entire gross amount.

Since the bonus is added in to regular wages, the Withholding taxes will be based on the employee's W-4 filing status and exemptions in Sharp as of 6pm on Friday, December 7, 2007, when the on-cycle paychecks are confirmed. Employees can change their tax withholdings in Employee Self Service up to that time at <http://www.kansas.gov/employee/> or by giving their Personnel Office a new W-4. Please note that employees can make only one change to Withholding taxes per day in Employee Self Service. If an entry error is made, the employee may make a correction the next day in Employee Self Service. If an entry error is made on Friday, December 7th, the employee's personnel office will need to enter a correction that day with an effective date that is less than or equal to the paycheck issue date.

Federal and State Withholding taxes are calculated using the annualized basis. Once the taxable gross is calculated for the paycheck, the gross is multiplied by 26 pay periods in the calendar year. Using the W-4 information, the system calculates the amount of exemption and subtracts that from the annualized gross wages. The tax is then calculated using the tax tables provided by the IRS and the Department of Revenue. Copies of those tables can be found in Informational Circulars 07-P-015 Dated December 6, 2006, for Federal taxes, and 99-P-013 dated November 19, 1998, for State of Kansas taxes. These can be found on the Accounts and Reports website at <http://www.da.ks.gov/ar/infocirc/>. The calculated tax is then divided by 26 pay periods in the calendar year. This is the tax withheld on the paycheck.

If an employee would like to know:

- the tax consequences of adding the bonus to gross wages,
- the difference in taxes if increasing Deferred Comp,

- the difference in taxes if changing their Withholding status or exemptions,
- or any combination of the above

the agency payroll office can run an Online Check in order to provide the employee with that information. Instructions for running an Online Check can be found on the Account & Reports website at <http://www.da.ks.gov/ar/payroll/OnlineCheck.htm>