

Bonus announcement email template

Announce an individual or company-wide bonus with the amount, timing, and tax details.

Updated October 15, 2026. Written and reviewed by the HRTally Research Team.

When to use this template

Use this to tell employees about a bonus, whether it's an annual performance bonus, a spot bonus for a specific achievement, a retention bonus, or a company-wide bonus after a strong year. The best bonus emails are clear about the amount, the payout date, and why it's being paid.

Employees are often surprised by how much tax is withheld from a bonus, so set expectations in the email. If the bonus is part of a formal plan, link to the plan terms. Keep individual amounts private. A company-wide announcement can describe the program while managers share each person's amount individually.

Version 1: Individual performance bonus

SUBJECT Your [Year] bonus

Hi [Employee first name],

I'm pleased to tell you that you will receive a bonus of \$[Amount] for [Year].

Why: [Specific reasons, such as hitting 112 percent of your sales target and onboarding two new team members].

When: it will be paid on [Pay date] [in a separate check or with your regular pay].

Taxes: bonuses are taxed as supplemental wages. Federal income tax is usually withheld at a flat 22 percent, plus Social Security, Medicare, and any state tax, so the amount you receive will be lower than the gross bonus.

Thank you for an excellent year.

[Manager name]

Version 2: Company-wide bonus

SUBJECT A thank-you bonus for everyone

Hi everyone,

[Year] was a strong year for [Company], and it's because of the work all of you put in. To say thank you, every employee will receive a bonus of [Amount or calculation, such as two percent of base pay].

Who is eligible: [Rule, such as all employees on payroll as of Date].

When: paid on [Pay date].

Taxes: the bonus will be taxed as supplemental wages, so your take-home amount will be lower than the gross.

Thank you for everything you do.

[CEO name]

Subject lines to try

- Your [Year] bonus
- A thank-you bonus for everyone
- Bonus payout on [Date]
- Recognizing your work with a bonus
- Your spot bonus for [Project]

How to personalize it

- State the gross amount and explain why the net will be lower.
- Say exactly when it will be paid.
- Tie individual bonuses to specific results.
- Spell out eligibility rules for company-wide bonuses.

Mistakes to avoid

- Calling a promised, performance-based bonus discretionary.
- Announcing amounts publicly.
- Promising next year's bonus.
- Forgetting overtime implications for nonexempt employees.

Legal and compliance notes

The IRS allows employers to withhold federal income tax on supplemental wages at a flat 22 percent, or 37 percent on supplemental wages over \$1 million in a year. For nonexempt employees, nondiscretionary bonuses, such as those promised for meeting goals or attendance, must be included in the regular rate when calculating overtime under the FLSA. Truly discretionary bonuses, where both the fact and amount are at the employer's sole discretion and not announced in advance, can be excluded.

| When to send it

Individual bonuses: share in a conversation and confirm by email a week or two before payout.

Company-wide bonuses: announce once the amount and date are final, ideally from the CEO.

| Before you hit send

- Payroll has checked every number in the email against the system.
- The effective date leaves enough time before the payroll cutoff.
- State notice rules for pay changes were checked for each affected state.
- The email doesn't mention anyone else's pay.
- Tax treatment, such as supplemental withholding, is explained in plain words.

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