



POLICY ON INSTITUTIONAL STIPENDS

Dated: July 20, 2015

Supersedes: HR.906 *Institutional Stipends* dated May 20, 1993

I. PURPOSE

To establish guidelines for providing and disbursing institutional stipend monies.

II. POLICY

It is the policy of New York Medical College to provide institutional stipend monies, as available, to eligible students to further their education.

III. SCOPE

This policy applies to any full-time Ph.D. student who is paid by institutional stipend monies.

IV. DEFINITIONS

- A. *Institutional stipends* - fixed sums of money paid to Ph.D. students, who are candidates for a degree, for them to further their education (i.e., for living expense, travel, etc.) or to permit them to pursue additional study or training without the requirement of any employment or services in return.
- B. *Research Grant Payments* - monies paid to graduate students in connection with assisting in research funded by grants. These payments are includable in income and subject to income tax withholding. All Ph.D. students are FICA exempt if the employment is incidental to the student and the student is working 20 hours per week.
- C. *F-1 Visa Students* - non-resident aliens who came to the United States to attend classes and study at an educational institution.

V. PROCEDURES

- A. There must be on file in the originating department a statement from the chairman of the department justifying the classification, and if applicable, the status as a degree candidate.
- B. If the payment to an individual is compensation for services, it cannot be classified as a stipend. If the payment creates an employee-employer

relationship between the recipient and the grantor, the payment does not qualify as a stipend. To be considered a stipend, the main purpose of the payment must be to further the recipient's education and/or training and not for the benefit of the grantor.

- C. Those individuals who receive a stipend only from New York Medical College, versus a stipend and a salary, are to be classified on the Personnel Action Form (PAF) (**HR-101**) form as follows:
1. Type - temporary part-time working 20 hours per week.
 2. Class - Graduate Research Associate.
 3. Stipend Code - all candidates for a degree receiving a stipend are exempt from FICA and income tax **withholding**, however **income is taxable (Form 1099 AP-2)**.
 4. Taxation of Stipends
 - a. FICA - All stipends are FICA tax exempt if employment is incidental to student and the student is working 20 hours per week.
 - b. Income Taxes (federal, state, local)
 - 1) Graduate Research Associates on stipend and salary are responsible for income taxes unless they have exemption due to Visa status.
 - 2) Resident Aliens are taxed as U.S. citizens.
 - 3) Non-resident aliens on F-1 student visas are exempt from income tax withholding and payments are excludable from income for a maximum of five (5) years.
 - c. **Form W-4**, withholding form, will be filed with the College by everyone and taxes will be withheld accordingly.
 5. Health Benefits - Eligible for Student Medical Insurance through the Bursar's Department. They will be referred to the Bursar's Department at their orientation.

VI. EFFECTIVE DATE

The policy is effective as of date signed below.

VII. POLICY RESPONSIBILITIES

- A. Graduate Research Associates - filing personal income tax return(s) based on amounts reported on **Form 1099 (AP-2)** and/or **Form W-2**.
- B. Department Administrator - Properly identifying the stipend code on the PAF.

- C. Bursar's Department - providing the information on the Student Medical plan and for advising the student of the coverage and the costs involved.
- D. Human Resources Department
 - 1. Advising the Graduate Research Associates on their tax status and properly identifying this on the **Personnel Action Form (HR-101)**.
 - 2. To provide advice and guidance with respect to the interpretation and administration of this policy.

VIII. POLICY MANAGEMENT

Responsible Officer: Director of Human Resources
Responsible Executive: Vice President of Operations
Responsible Offices: Human Resources Department

APPROVED:



Edward C. Halperin, M.D., M.A.
Chancellor for Health Affairs and
Chief Executive Officer



Date