Stipend v. Salary

Most fellowships may refer to the amount to be paid towards a fellow’s salary as a stipend; however, generally the funds designated for the direct support of compensation to the fellow are paid as salary. Check with your administrator about certain funding sources if you have questions about your particular fellowship.

NIH training grants (NRSA F32 or T32 awards) fund via a stipend, which does not create an employment relationship between the fellow and the institution.

**Stipends**: NRSA trainees receive a stipend paid through BCH. Stipends on NRSA awards are considered cost of living allowances to help defray living expenses during the research training experience; the stipend is not treated as wages for work performed. The receipt of the stipend does not create an employment relationship with BCH and therefore, employee benefits may be affected. At the end of each calendar year, trainees will receive a letter from payroll that breaks down amounts provided to them as NRSA trainees and advises them to seek personal tax advice for their specific circumstance. Trainees are compensated according to the NIH stipend levels in effect during that fiscal year. Years of relevant experience must be calculated “post-doctorate”. Stipend amounts remain the same as indicated on the appointment form for the length of the appointment period indicated on the form. If NIH releases fiscal year increases in the stipend levels, a trainee will receive the increase on the subsequent year of the appointment. The information can also be found at this webpage: [http://grants.nih.gov/grants/guide/notice-files/NOT-OD-14-049.html](http://grants.nih.gov/grants/guide/notice-files/NOT-OD-14-049.html)

Since stipends are not considered salary, they are taxed differently than wages. Trainees should consult their local IRS office or their personal tax advisor about the applicability of the tax laws to their situation and for information on their tax obligation. Stipends are subject to federal and, sometimes, state income tax.

**Impact on Benefits**

403(b) retirement contributions cannot be taken from stipends, so contributions are suspended during the period of this appointment.

Life insurance is based on salary only, not on stipend.

The employee share of deductions for medical and dental benefits cannot come from a stipend. In these cases, there are several options:

1. The fellow’s stipend pay may be supplemented with some salary pay. Benefit expenses would come from this supplement.
2. Human Resources can set up direct billing of benefits to the fellow. He/she would remain on BCH health and dental insurance, but the cost that would ordinarily be taken from his/her salary will be paid via an invoice to the fellow from the insurance company. The fellow will be charged the same rate he/she would be charged as an employee.

T passes: those on a stipend can still receive the employee discount on a t-pass by purchasing it directly from the parking office.

Childcare and other pre-tax deductions: You can claim this deduction through your tax return.