



YALE SCHOOL OF MEDICINE

Department of Psychiatry / Psychology Section

Doctoral Internship Policy & Procedures

Stipend, Benefits & Tax Policy

Revised 02-11-2020

- 1. Stipend:** Doctoral psychology fellows receive a stipend from Yale University, which is paid in 12 equal installments at the end of each month beginning at the end of July. The Federal Internal Revenue Service and the Connecticut Department of Revenue Services consider the stipend taxable income.
- 2. Health Insurance:** All fellows are required to have health insurance and most students enroll in a Yale University sponsored health insurance plan, taking advantage of the University Health Care Subsidy. Under this subsidy fellows receive fully paid coverage through Yale Health (<http://yalehealth.yale.edu/>) for themselves, spouses, same sex partners joined through civil union, and children. There is the option to purchase coverage through a number of alternative private health insurance plans at an additional charge. **It is important to understand that the value of the subsidy, which is substantial, is also considered taxable income by the federal and state government.**
- 3. Dental Coverage:** Dental coverage is optional for fellows and the cost is fully paid by fellows. Therefore, this benefit does not contribute to reported taxable income.
- 4. Reported as Miscellaneous Income:** The value of the stipend and the health care subsidy will be reported to fellows as Miscellaneous Income using a federal 1099-MISC form. Since the Fellowship spans two calendar years, the income will be reported across those two years with 50% reported in each calendar year. Your 1099-MISC form will be mailed to you at the beginning of February. It will not be available online. If you do not receive it call the Employee Service Center to request a copy (203-432-5552).
- 5. Current Values:** For the 2020-2021 academic year the value of the stipend is \$35,700. For the 2019 calendar year the value of the health care subsidy is: \$699/month for single coverage; \$1,328/month for single plus child(ren) coverage; \$1,467/month for single plus spouse coverage; and \$2,096/month for family coverage. The health care subsidy values are adjusted on January 1st of each year and usually increase.
- 6. Withholding: Yale University does not withhold taxes from doctoral fellows.** Fellows who believe that they will owe taxes have the option of making Estimated Tax Payments on a quarterly basis during the course of the year. IRS Form 1040ES is designed to assist the taxpayer in estimating and making those payments. Examples of completed 1040ES forms can be found at: <http://tax.yale.edu/individual-income-tax-returns>.
- 7. FICA:** While stipends are taxable they are not classified by the IRS as wages and thus are not subject to FICA taxes (Social Security and Medicare).
- 8. Tax Liability:** The tax liability of a fellow is determined by a number of factors including income from other sources and spouse income, if any. Fellows should consult a tax professional for additional

information and assistance in estimating and paying taxes. The program is unable to advise fellows on taxes or serve in a tax consultant role.

9. Additional Work: The internship is considered a full time commitment for fellows. Therefore, fellows are highly discouraged from engaging in additional compensated activities during the course of the internship year. Yale faculty and Yale institutions and programs are prohibited from offering and Yale fellows may not accept from them additional compensation for additional duties during the internship year.

10. Filing Taxes:

- a. Examples:** Yale University provides examples of completed Federal and State tax returns at: <http://tax.yale.edu/individual-income-tax-returns>. Choose the examples of “postdoctoral fellowship” or “postdoctoral fellowships and pdf funded healthcare”. Note that the stipend level is for a postdoctoral level (not your postgraduate level). The entries for items such as interest income and estimated tax payments are simply examples. Keep in mind that the examples are for fellows who have been employed at Yale for a full year. You will only be reporting a stipend from Yale for the latter half of the year as documented on the 1099-MISC form. To this you would add any income from other sources during the first half of the year.
- b. IRS guidance:** Information related to the reporting of your stipend on your federal tax return can be found at: http://www.irs.gov/publications/p970/ch01.html#en_US_2013_publink1000178011.
- c. Where to list your stipend:** Note that your stipend is listed on your returns on the “Wages, salaries, tips, etc.” line. The letters “SCH” and the amount of your stipend (or stipend plus healthcare) are to be typed on this line to the left of the far right column (see the examples at the link listed above). Your stipend should not be reported on a Schedule C. Note that programs such as Turbo Tax may automatically and incorrectly fill out a Schedule C for your 1099 income erroneously increasing the calculated amount of tax due.
- d. Free tax preparation assistance:** Based on income level, you may qualify for free online or in person tax preparation sponsored by United Way New Haven: <http://www.uwgnh.org/our-work/income/find-tax-prep-site>. The New Haven Public Library location has volunteers that may be the most familiar with preparing returns for Yale affiliated fellows.
- e. You remain responsible:** All information provided above is believed to be accurate. However, you remain responsible for verifying this information and accurately completing and submitting your returns.