

This document outlines considerations for postdocs transitioning onto or off fellowships. These guidelines should apply to any grant that states that that award is not salary and/or is not dependent on an employee/employer relationship, which includes NIH NRSA fellowships (T32, F32).

Timing of Payroll vs. Stipends

The University issues stipend payments on the first of each appointment month. Most banks process direct deposits within the same business day; however, with some banks/credit unions, it might take 2-3 business days to have stipend deposited to your account.

There will be a gap between a trainee's final stipend payment and their first paycheck as they transition off the grant and return to standard payroll. For example, if their termination date is June 30, the final stipend payment will be issued on the first of the final month (June 1st) and the first payroll check for the period of July 1-15th will be received on July 22nd.

Payroll Set-up & Benefits

Payroll revisions are a common issue for postdocs, since an error in the revision may lead to double-payments, loss of benefits, or other issues. Our standard practice for revising payroll is to reduce the postdoc's compensation to \$1 in the payroll system while they are appointed to an NRSA grant (and receiving stipend payments). This reduction ensures that the postdoc does not receive duplicate payments – both stipend and payroll. The postdoc's FTE will remain at 1.0, which will allow them to maintain their current health insurance benefits.

Health Insurance

Fellows continue to be eligible for health insurance while they are on an NRSA fellowship. Their insurance coverage will not change, and there should be no lapse in coverage. What will change is the way that insurance is paid. Traditionally, the insurance is paid through the payroll system, so while the trainee is appointed to a grant their insurance will be moved to manual billing. This means that HR will send a monthly statement to the department administrator and the employer/department's portion of insurance will be paid via journal entry. The employee/trainee's portion of insurance will be paid directly from their checking account.

When the department communicates with HR to move the trainee to manual billing, they will also provide HR with an ACH form, which is the form that allows for the employee/trainee insurance to be paid from the postdocs checking account. This amount is equivalent to what was previously taken out of their payroll checks.

Most T32 grants offer some money towards the employer/department's portion of insurance, though this will vary by grant and will need to be discussed on an individual basis.

Important – when the fellowship is terminated and the postdoc returns to payroll, the department will need to move the postdoc's insurance back from manual billing, to payroll. The ACH will also need to be cancelled.

Retirement

While not common, some postdocs do receive retirement benefits as part of their package when hired to the University. This is an unallowable cost on NRSA grants, so if retirement benefits will be paid during the trainee's appointment to a fellowship, department approval will be required and those benefits will need to be paid from a departmental activity. The Research Unit of the SVPHS does have a workaround for how those benefits may be paid to the trainee/fellow, which they are happy to share upon request.

As for supplemental retirement (employee contributions – 403(b), 457(b)), because there is no compensation being paid via payroll, these benefits will not be available to postdocs while they are appointed to a fellowship. There must be compensation to defer to be eligible for these accounts.

Flexible Spending Accounts

Because there is no compensation being paid via payroll, these benefits will not be available to postdocs while they are appointed to a fellowship. There must be compensation to defer to be eligible for these accounts.

Taxes

Although stipends are not considered salaries, these payments are subject to federal and, sometimes, state income tax. There are no taxes withheld from stipend payments by the University of Utah, and the University does not issue 1099s. We recommend that postdocs consider paying estimated taxes.

Unfortunately, the University does not provide individual tax liability guidance, so our only option is to refer postdocs to their personal tax professional. T32 trainees can ask their HR liaison for a copy of their NIH Statement of Appointment, the U of U Traineeship form, and their award letter, which includes references to the applicable tax codes. (Section 117 of the Internal Revenue Code (26 U.S.C. 117) applies to the tax treatment of scholarships and fellowships.)

NIH Stipend Rates

NRSA stipend rates are set by NIH, as part of the annual Notice of Award (NOA). This means that the stipend being offered may be higher or lower than the postdoc's current salary. If the stipend is higher, then this is a win for the fellow. If the stipend is lower, the postdoc's home department may supplement the stipend to bring the fellow up to their University of Utah rate of pay so that the fellowship is not a penalty to them.

It is common for new NRSA rates to be released in the middle of a postdoc's fellowship appointment year. Per NIH guidelines, once a trainee is appointed to an NRSA fellowship, the stipend rate will remain unchanged for the full 12-month appointment (unless a revised NOA is issued). Upon reappointment, the fellow will receive an increase.

The stipend rate assigned to the postdoc is determined by the postdoctoral experience they have at the time of appointment. It is important to understand that experience is different than PhD degree date. If there is a gap between when the postdoc earned their degree and then starts their first postdoc position, the experience will be calculated based on when the postdoc begins their position.

Parking

Trainees are responsible for pre-paying for parking permits through University Commuter Services. These costs are unallowable on the NRSA grants, and there is no administrative mechanism by which parking permit fees can be deducted from stipend checks.

NIH Payback Obligation

Trainees will incur a payback obligation to NIH in the first 12 months of their NIH-supported postdoctoral research training period. However, if they continue their T32 training for a second year, that second year will fulfill the payback obligation of the first year. As an alternative, the first 12 months of payback obligation can be satisfied if they engage in a second 12 months of health-related research, health-related research training, or health-related teaching. The payback agreement will be electronically generated upon completion of the Statement of Appointment Form, at the time of appointment to the NIH grant. An original copy of this document must be mailed, with the original signature, to NIH.

Award Letter

T32 administrators have access to an award letter to trainees prior to their appointment to T32 grants (from the SVPHS Research Unit). The letter addresses these issues and was developed in partnership with Legal, Accounts Payable, and GCA. If you have not received this letter, ask your grant administrator for it; they can contact Jessica Kieper for more information.

Employment Verification

If postdocs need evidence of their employment (for loan applications, for example) during their fellowship, standard HR forms will show a salary of \$1. To circumvent this problem, we recommend asking your lender if these two documents are an acceptable substitute: 1) A letter from PI/mentor stating something like "____ is employed as a full-time postdoctoral fellow in the lab of _____ in the Department of _____ at the University of Utah. Her/his/their annual salary is \$____." 2) A notarized letter from the trainee's home department administrative manager/director, including a copy of the Traineeship form and Vendor Summary report showing the trainee's stipend payments. All pages included in item 2 included a notary stamp. Letter includes language like: "I am writing to verify that _____ has been paid on a stipend through the University of Utah on the Metabolism Training Grant from __/__/__ - __/__/__. Because stipend

payments are processed through the Accounts Payable department rather than Payroll, awardees are not given a paystub or statement, the payments are simply deposited to their bank monthly. The university does not produce any tax forms such as a 1099 on stipends; for questions, please contact our Tax Services department at 801-581- 3428. We ask that you accept the following documents as proof of payment: Educational/Research Traineeship Grant Form - this is the form we use to set up payment with Accounts Payable, List of payments from __/__/__ - __/__/__ from our financial management system.”

Further help

This document includes contributions from the Research Unit of Office of the Senior VP for Health Sciences (Jessica Kieper), the Office of Postdoctoral Affairs, and the Utah Postdoctoral Association. You may contact any of them for help with other questions.