STIPEND GUIDANCE

**What is a Stipend?**

A stipend is a fixed amount of money provided to people pursuing unpaid work to help offset expenses such as housing and food. A stipend may exempt a personal partially or entirely for waged or salary employment.

**What are types of Stipends?**

Many types of stipends exist to cover the expenses of various voluntary and unpaid work. Here are some common situations where employers may offer stipends:

* **Academic research**
  + Institutions commonly offer stipends to researchers to allow them to focus on their projects without the distractions of a full-time or part-time job. Similar to grants, third-party interests may provide stipends because of their interest in seeing the advancement of specific research. Foundations also sometime offer stipends for similar reasons.
  + For researchers to receive a stipend, their projects must meet the following criteria:
    - The project goes beyond the collection of data, and
    - The information gathered gets analyzed and interpreted
* **Health and insurance wellness**
  + Employers may offer healthcare stipends to cover the cost of health insurance if the employer does not provide these benefits. Additionally, some employers may offer stipends to cover the cost of a gym membership, encouraging employees to exercise and live healthier lives.
* **Job training and apprenticeships**
  + Some companies provide stipends to employees who wish to further their careers with additional job training. Apprentices receive stipends to cover their living expenses while they complete their apprenticeship.
* **Internships**
  + Some internships provide stipends to cover the cost of housing and food. Most companies have a set stipend based on the average cost of living in the area the intern works. Internships often lead to full-time positions, so employers want to ensure interns can focus and perform well on the job without financial stress.
* **Fellowships**
  + Fellowships provide financial aid to students and may offer tuition support in the form of a stipend. The student does not need to perform any services to receive the stipend other than continue to pursue their education.
* **Clergy**
  + Clergy members may receive a stipend paid for by congregation donations. This stipend allows the clergy to practice their ministries without needing another job to cover their living expenses.

**Who receives a Stipend?**

Stipends are provided to those that are ineligible to receive a regular salary or wage in return for their services. Researchers, graduate students, clergy, interns, and apprentices are common recipients. Normally, to receive a stipend, the job must focus on training and learning, and the training must primarily benefit the recipient rather than the employer. For internships and apprenticeships, an employer may not promise the recipient a job at the end of the training or have them do work in place of a regular employee.

**How do Stipends work?**

**Stipend Uses**

The most common use for a stipend is to cover expenses related to housing, food, and travel. But stipends also encourage certain activities, such as academic research or continuing education for career development. Some schools may offer stipends to cover technological equipment like laptops. Employers may offer a stipend in addition to regular pay to cover health insurance or cover gym memberships to encourage healthy practices.

**Minimum Wage**

If you meet the requirements to receive a stipend, the amount an employer provides is at their discretion. There is no minimum amount for a stipend, and it can equal less than the minimum wage per hour worked.

**Tax Withholding**

A stipend does not count as wages earned, so no Social Security or Medicare taxes get withheld. This means your employer will not withhold any taxes for you. However, a stipend does count as taxable income, so you will need to plan to set aside money for the taxes you will owe on your stipend at the end of the year.

**Tax return reporting**

It's important to ensure your stipend gets recorded on your tax return. You may see it referred to as a "taxable scholarship," "non-qualified fellowship," "taxable grant scholarship" or another similar phrase. Speak with a local tax person about what forms you need to report your stipend and how to fill them out correctly.