Benefits Summary for Postdoctoral Fellows/Trainees

Postdoctoral Fellow/Trainees are considered as a single group distinct from Postdoctoral Associates, and receive the following benefits package:

- University Healthcare Coverage
- COBRA
- Workers’ Compensation
- Travel and Accident Insurance

The information published here is meant to be a summary of benefits for Postdoctoral Fellow/Trainee. In regard to insured benefits, actual plan provisions are contained in the individual insurance/subscriber certificates. In the case of discrepancies, the insurance/subscriber certificate will prevail. UVM reserves the right to amend, alter or terminate all benefits herein described.

Table of Contents

Eligibility ........................................................................................................................................... 2
Dependent Eligibility .......................................................................................................................... 2
Adding a Dependent .......................................................................................................................... 3
Change in Number of Dependents .................................................................................................... 4
Change in Address ............................................................................................................................ 4
Effective Date ..................................................................................................................................... 4
Who Is Not Eligible? ............................................................................................................................. 5
Benefit Costs ........................................................................................................................................ 5
Medical Insurance Coverage ............................................................................................................... 7
COBRA Rights as Applied to Medical ................................................................................................. 9
Parking .................................................................................................................................................. 10
Workers’ Compensation ...................................................................................................................... 11
Travel and Accident Insurance While on UVM Business .................................................................... 12
Tax Information ..................................................................................................................................... 12
Example: Employment vs. Non-Compensatory Fellowship ................................................................ 13
Eligibility

Full-time and part-time Postdoctoral Fellow/Trainee

<table>
<thead>
<tr>
<th></th>
<th>Months of Year Worked</th>
<th>Full-time Equivalency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full-time</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group A</td>
<td>12 months</td>
<td>100%</td>
</tr>
<tr>
<td>Group B</td>
<td>9, 10, 11 months (academic year)</td>
<td>100%</td>
</tr>
<tr>
<td>Group C</td>
<td>12 months</td>
<td>75 - 99%</td>
</tr>
<tr>
<td><strong>Part-time</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group D</td>
<td>9, 10, 11 months (academic year)</td>
<td>75 - 99%</td>
</tr>
<tr>
<td>Group E</td>
<td>12 months</td>
<td>50 - 74%</td>
</tr>
<tr>
<td>Group F</td>
<td>9, 10, 11 months (academic year)</td>
<td>50 - 74%</td>
</tr>
</tbody>
</table>

Dependent Eligibility

Postdoctoral Fellow/Trainee may wish to apply for benefits for their dependent spouse, civil union partner or dependent children. In order to qualify, dependents must meet the eligibility conditions of the University medical insurer. The following summarizes those conditions:

Dependents are considered qualified dependents if they are the lawful spouse of the fellow/trainee, party to a civil union with the fellow/trainee, or the dependent child of the fellow/trainee. The University reserves the right to require proof of marriage or a civil union. The University also reserves the right to require proof of legal responsibility for dependent children. Note: For the purposes of University policy, the term "party to a civil union" means a legal civil
union as defined by Vermont Law. It will also include for the first 3 months of your fellowship, the same sex spousal equivalent of the new fellow/trainee who comes to UVM from another state where civil unions are not legal. Such fellow/trainee must enter into a marriage under Vermont law within three months of your fellowship in order to retain spousal benefits.

A qualified dependent child is under 19 years of age and single, and:

- Natural child of an fellow/trainee; or
- Legally adopted child of an fellow/trainee; or
- Stepchild, foster child, or any other child for whom a fellow/trainee has legal guardianship and who lives in the household of a fellow/trainee in a parent/child relationship and is dependent upon the fellow/trainee for support.

Qualified dependent children are covered until the end of the month after their 19th birthday or their marriage, if earlier. Eligibility may be extended beyond an eligible child's 19th birthday to the 24th birthday as long as the child is otherwise eligible and a full-time student. In addition, eligibility is extended to a child with a disability which prevents the child from being able to obtain meaningful, gainful employment. The dependent must have been eligible for benefits prior to his/her 19th birthday and such disability must occur or exist on the date eligibility would normally end. Proof of such disability must be provided to the medical plan administrator or the insurer prior to the child's 19th birthday, or in any event, no later than 31 days following age 19. If approved, eligibility for such a child will be continued as long as the child lives with the fellow/trainee.

**Adding a Dependent**

New dependents are eligible for benefits on the day they become your dependent as provided by state law or in accordance with the University’s policy for recognition of civil union partners, provided you complete an enrollment form and agree to make the necessary contributions, if required. If for some reason you do not enroll within 31 days of the date your dependent becomes eligible, coverage will be delayed until the first day of July in the next enrollment year.

If a child is born or adopted while you are covered, the child will be automatically covered for up to 31 days after the date of birth or placement for adoption. Coverage beyond the 31 day period will be continued provided you enroll the child within 31 days of the date of birth or placement for adoption (and make the necessary contributions, if required). If you enroll within 32 to 60 days following the birth or placement for adoption, the child’s membership and the new membership type will become effective on the first of the month following receipt of your enrollment request. If you fail to enroll within 60 days, you must wait until the next open enrollment to do so. To prevent a lapse in coverage, Human Resource Services should be immediately notified and you should complete an enrollment form after the child is born.

If a child is born to a covered child while the mother is insured as a dependent child, the birth will be covered and the child will be insured for 31 days after the date of birth. In order for such a grandchild to be covered beyond 31 days, you must adopt the child or be appointed legal guardian for the child.
An adopted child is eligible on the date the child is placed in your legal custody. You are considered to have custody when there is a legal document which places the child under your care and protection and the child is in your physical possession. A newborn adopted infant will not be considered to be in your physical possession until the infant is discharged from the hospital immediately following birth.

**Change in Number of Dependents**

Please report immediately to the Human Resource Services Office any changes in the number of your dependents when that change results in the loss of eligibility. Failure to do so within 60 days of the change will result in loss of COBRA rights for your former dependents.

If your marital status changes or a civil union ends, report that change immediately to the Human Resource Services Office. Failure to do so will result in the loss of COBRA rights.

In the case of a dependent child who no longer qualifies as a dependent, coverage will terminate at the end of the month on which she or he no longer qualifies for benefits.

In the case of divorce or dissolution of a civil union, coverage of your former spouse/civil union partner terminates on the first day of the month following the day your divorce becomes final or the first day of the month following the day on which the civil union partnership ends. Your spouse or civil union partner may be able to extend coverage at the group rate at his/her expense by exercising COBRA rights.

**Change in Address**

- Notify your department of any change in your name or address immediately after the change.
- Change your address through PeopleSoft Employee Self-Service or by emailing HRSInfo@uvm.edu with the new address.
- Notify your retirement plan, medical insurance, and dental insurance vendors with address changes directly.
- Find vendor change of address forms in the Human Resource Services Office or in the Forms section of the HRS web site.

**Effective Date**

In order to enroll, you must complete and sign the appropriate applications and submit them to the Human Resource Services Office. Normally, you will be asked to enroll in your benefits at the new fellow/trainee orientation which is held the first and third Monday. If Monday is a holiday, it will be held on Tuesday following the holiday.

Your coverage will begin on the date you become eligible, typically your first day of work, if you enroll and agree to pay the required premium within 15 days of your eligibility date. Otherwise, it will become effective on the first of the month following the date upon which the Human
Resource Services Office receives your application, provided it is received within 60 days of your eligibility date. If you do not apply within 60 days of your eligibility date you must do so during open enrollment for coverage to begin in the new plan year on July 1.

Who Is Not Eligible?

Temporary fellow/trainee, graduate teaching fellows, graduate teaching assistants, and Postdoctoral Fellow/Trainee less than 50% of full-time equivalency are not eligible for benefits other than those legally mandated, such as Workers' Compensation.

Benefit Costs

*Prices for regular Postdoctoral Fellow/Trainee

UVM reserves the right to change, amend, or terminate these benefits at any time. In the event of a discrepancy between what appears in this Policy and the individual insurance subscriber certificate, the insurance subscriber certificate of a fully insured plan will govern.

Postdoctoral Fellow Trainee Benefit Groups A-C

Medical

• 4% to 30% cost of coverage – Based on Stipend

Dental

• Not Eligible

Life Insurance

• Not Eligible

Short-Term Disability

• Not Eligible

Long-Term Disability

• Not Eligible

Pre-tax Parking

• Not Eligible

Retirement Plan

• Not Eligible
Tuition Remission

- Not Eligible

Postdoctoral Fellow/Trainee Benefit Groups D-F

*After 1 year, cost paid by employee.

Medical

- Based on FTE Reciprocal Amount

Dental

- Not Eligible

Life Insurance

- Not Eligible

Short-Term Disability

- Not Eligible

Long-Term Disability

- Not Eligible

Pre-tax Parking

- Not Eligible

Retirement Plan

- Not Eligible

Tuition Remission

- Not Eligible

Effective Dates of Coverage

Medical insurance coverage will begin the first day of benefits-eligible service.

Cost of Coverage

Full-time: Postdoctoral Fellow/Trainee will be charged a percentage of the premium cost based on their fellowship payment and any additional supplement payments.
Postdoctoral Fellow/Trainee with 9, 10, 11 or 12-month appointments will pay their share of year-round medical insurance premiums monthly through accounts receivable billing system.

Monthly premiums are always payable in advance. There will be a grace period of 30 days during which premium will be accepted. Coverage will be maintained during this time as long as the University before the end of this grace period receives the payment. If payment is not received during the grace period, coverage will be terminated retroactively as of the premium due date. Terminated coverage is not eligible for reinstatement until the next open enrollment, which in May of each year.

Your percent of cost will be based on your fellowship/supplement payment as of January 1 of each year and will not be affected by payment changes during the year.

Part-time Fellow/Trainee must pay the full cost of coverage during the first year of service. After one year of service, cost of coverage is shared in proportion to the Fellow/Trainees’ FTE. If he or she is at 60% FTE, the Fellow/Trainee will pay 40% of the cost of coverage.

Part-time Fellow/Trainee may waive coverage during the waiting period without affecting enrollment to health plan.

Medical Insurance Coverage

UVM offers Postdoctoral Fellows/Trainees medical insurance coverage through Blue Cross and Blue Shield of Vermont.

UVM Open Access Healthcare Plan

Participants who live in Vermont are required to select a Primary Care Physician (PCP) from a list of doctors who are in the Blue Card PPO network. Each individual on the plan may select a different PCP. Individuals may seek medical care from either their PCP or any other network physician without a referral. Participants pay $10 per visit to their PCP and $20 per visit to any other network physician.

Participants who live outside of Vermont are not required to select a PCP, but they too must use the Blue Card PPO Network when seeking care. By using a general practitioner, family practitioner, pediatrician, internal medicine practitioner, naturopath or osteopath who is a member of the PPO Network, you will pay the PCP rate of $10 per visit. Find a PPO Network physician.

You have the option of seeking medical treatment from a network hospital or physician or from a non-network hospital or physician. All hospitals in Vermont and Dartmouth-Hitchcock Medical Center in New Hampshire belong to the network, but not all physicians in this same area belong to the BCBSVT network. When you receive treatment from an out-of-network hospital or physician the plan covers 70% after a $500 deductible per covered family member ($1,000 family maximum). You will pay 30% until you have met a $2,500 out-of-pocket maximum ($5,000 family out-of-pocket maximum) after which you will be reimbursed 100%.
You may receive treatment from a network hospital or physician without getting referrals from your PCP and still receive preferred benefits. Instead of referrals, you need prior approval when you plan to have one of the 16 specific procedures or services listed below, whether treated by an in-network or out-of-network hospital or physicians. If you fail to get prior approval for a procedure on the list, you may receive standard benefits or be denied benefits regardless of the medical necessity of the procedure.

- Plastic or cosmetic surgery (for example, abdominoplasty, lipectomy, blepharoplasty, breast reconstruction, otoplasty, panniculectomy, rhinoplasty or septrhinoplasty)
- Dental surgery (oral surgery, trauma, orthognathic surgery)
- Chiropractic care after initial 12 visits in a calendar year
- Radiology special procedures (MRI, MRA, MRS, PET scans)
- UPPP/somnoplasty
- Continuous Passive Motion (CPM) equipment
- Durable Medical Equipment with a purchase price over $1,000
- Orthotics/prosthetics
- Polysomnography (sleep studies)
- Chondrocyte transplants
- Home infusion therapy
- Private duty nursing
- Transplants
- TENS units/neuromuscular stimulators
- Rehabilitation (cardiac/pulmonary/inpatient rehabilitation facility)
- Services by an out-of-network provider (without Prior Approval, Standard Benefits may apply)

Emergency hospital care has a $50 co-pay per visit that is waived if followed by hospitalization. There is a co-pay of $250 for each hospitalization with a maximum of three copays per family per plan year. This copay is for an entire course of treatment; if one is readmitted to the same hospital for the same diagnosis or treatment after a discharge within 21 days, there is no additional co-pay. Outpatient surgical benefits have a co-pay of $100 and ambulance services have a co-pay of $50.

One advantage of the BlueCross BlueShield plan is that you can go to any physician or acute care short-term general hospital worldwide. However, the plan will pay only reasonable and customary charges. If the provider does not participate in the local BlueCross BlueShield plan and the charges are above reasonable and customary, you must pay the difference.

One provider of counseling for mental health and substance abuse is through Invest EAP. As long as outpatient MH/SA treatment is in-network and pre-certified, there is no member cost. Out-of-network treatment for MH/SA requires a 30% copayment after the $500 out-of-network deductible has been satisfied. The maximum benefit for self-referred MH/SA is $3,000 per year, subject to a $10,000 lifetime limit.

Prescription drug coverage is provided through a pharmacy network managed by Express Scripts under contract with BCBSVT. After a $100 per person / $300 per family deductible, the covered member pays $5 per generic prescription, $20 per preferred brand prescription or $40 per non-preferred brand ($5/20/40). An optional mail-order prescription drug program through
Express Scripts is available for people who use maintenance drugs. You may purchase a 90-day supply at a cost equal to two co-pays (i.e., $10/40/80). There is no deductible on mail-order prescriptions. You may call Express Scripts toll-free through BCBS Customer Care number at 888-222-7886. Press 1 to reach an available customer service agent who can help you with placing or re-filling your prescription, and have your member ID number ready. Retail and mail-order prescription drug coverage will have an out-of-pocket maximum of $1,300 for individuals and $3,800 for family coverage.

Limited coverage for routine vision examinations is provided by Vision Services Plan (VSP). Those who identify themselves as a member of the BCBSVT UVM Open Access Plan are covered for one routine vision exam per year with a $20 co-payment. Lenses, frames, and contact lenses are not covered under this plan.

**Termination of Coverage**

Coverage will end on the date you terminate your fellowship, i.e., your last day worked. When coverage terminates, you will be offered the option of extending coverage under COBRA.

Dependents' coverage will end when they no longer meet the definition of dependent under the plan. When coverage terminates, former dependents will be offered the option of extending coverage under COBRA.

**COBRA Rights as Applied to Medical**

UVM is subject to the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). This law allows qualified beneficiaries to continue medical and dental insurance coverage if a qualifying event occurs. Coverage can continue for either 18 or 36 months depending upon the qualifying event. Those who choose to extend coverage may be charged up to 102% of the premium for that coverage. A qualified beneficiary is a spouse, civil union partner or dependent child covered by UVM’s medical or dental plan or a fellow/trainee who loses medical or dental coverage due to termination or a reduction in hours. A qualifying event is any event that, prior to this law, would cause a qualified beneficiary to lose medical or dental coverage. Qualifying events include:

- The death of a covered Fellow/Trainee
- Divorce or legal separation of a covered Fellow/Trainee and spouse or dissolution of a civil union
- Termination or reduction of hours of a covered Fellow/Trainee (termination due to gross Misconduct is not considered a "qualifying event")
- Retirement of a Fellow/Trainee
- Dependent child who ceases to qualify as a dependent under the terms of the plan

If a "qualifying event" occurs, qualified beneficiaries will be able to continue coverage under UVM’s medical plan for up to 36 months, unless the qualifying event is the Fellow/Trainee's termination or reduction in hours, in which case coverage can be continued for up to 18 months. A "subsequent qualifying event" may extend COBRA eligibility for up to 36 months from the original "qualifying event."
Coverage can be terminated prior to the 18 or 36 months under certain circumstances which include the date upon which:

- The employer terminates the plan for all covered members
- A covered beneficiary is or becomes a covered fellow/trainee under any other group medical plan
- A covered beneficiary remarries and becomes covered by any other group medical plan
- Coverage ceases due to nonpayment of a premium by a “qualified beneficiary”
- The covered beneficiary becomes eligible for Medicare
- However, if the Social Security Administration determines that the Covered Person was disabled at any time during the first 60 days of continuation coverage, then the required continuation coverage period is extended from 18 months to 29 months. In order to be eligible for this extension, the Covered Person must notify Human Resource Services within 60 days from the date the Social Security Administration makes the determination that s/he is disabled. The extended coverage for disabled individuals will end earlier than the 29 months if Social Security determines that s/he is no longer disabled. The Covered Person must notify Human Resource Services within 20 days of the date Social Security determines that s/he is no longer disabled. The disabled individual may be charged 150% of the cost of the coverage for the coverage beyond 18 months.

Exception to 2 and 3 above: if there is a waiting period or preexisting condition exclusion in the new plan, COBRA coverage may be continued. COBRA coverage, however, will be secondary to all other coverage for non-excluded conditions.

Notification Requirement

Within 60 days of a qualifying event, qualified beneficiaries must inform Human Resource Services (656-3150). Human Resource Services will notify the qualified beneficiaries of their rights under the continued coverage provision within 14 days of receiving this information. Within 60 days of receiving this notice or on the date medical or dental care coverage would otherwise terminate, whichever is later, the qualified beneficiaries must notify Human Resource Services of the decision to continue coverage. Payment of the first quarterly premium must be received by Human Resource Services (228 Waterman) within 45 days of the decision to continue coverage.

All premiums are payable in advance. There will be a 30-day grace period for payment of premiums. If a premium payment other than the initial premium is not received before the expiration of the grace period, coverage will automatically terminate retroactively to the due date. Insurance which is so terminated may not be reinstated.

Parking

Treating postdoctoral fellow/trainee stipends as non-compensatory in accordance with NIH guidelines will cause postdoctoral fellow/trainee to be ineligible to participate in the University’s pre-tax parking plan even if the postdoctoral fellow/trainee has a supplementary postdoctoral associate assignment.
Accordingly, postdoctoral fellows/trainees will have to buy an **Affiliate Parking Permit** from Transportation & Parking Services via out-of-pocket means. Please contact **UVM Parking Services** at 656-8686 or parking@uvm.edu for information about permit eligibility, availability, and prices.

**Workers' Compensation**

UVM insures you for accidental bodily injuries, occupational illnesses, and lost time as a result of these occurrences while you are performing assigned job duties. Workers' Compensation is governed by state law which supersedes any University policies.

**Accident Reports**

Any injury, no matter how insignificant, must be reported to your immediate supervisor. You and your supervisor will complete a "First Report of Injury" form which is available from Risk Management, 656-3242. This form must be returned to Risk Management within 24 hours of the incident. Call Risk Management if you have any problem completing the form. All reports must be submitted by Risk Management to the State within 72 hours of the injury.

**Medical Expenses**

If you must pay for medical expenses due to a job-related injury or illness, submit your bills and receipts to Risk Management. Medical expenses for job-related accidents should not be submitted to the medical insurance plan.

**Temporary Disability Payments**

If you lose time as a result of an injury or illness due to a job-related accident, you will receive payments according to a schedule set by state regulations.

Workers' Compensation payments will be paid at a rate equal to two-thirds of your average weekly earnings for the 12 weeks before the date of your disability, subject to the minimum and maximum allowable by law. You will receive an additional amount, also defined by law, for each dependent under age 21. You can request information regarding the amount of disability payments from Risk Management.

Payments will be made for time lost in excess of three days. If you are disabled for four to ten consecutive days, you will receive payment calculated from the third day of disability. If your disability extends beyond ten days, you will receive payment calculated from the first day of disability.

When Workers' Compensation pays for time lost and a waiting period applies, you will not be charged medical leave for the waiting period. The University pays wages for time lost during the waiting period.
Travel and Accident Insurance While on UVM Business

UVM provides travel and accident insurance to you if you are traveling on University business. Business is defined as "while on assignment by or at the direction of UVM for furthering its business interest, but shall not include any period of vacation or leave of absence." Coverage provides $150,000 per accident resulting in death and $75,000 per accident resulting in loss of hand, foot, or eye.

Coverage extends to fellow/trainee while riding as a passenger in, or boarding or alighting from, any land or water conveyance, or riding as a passenger in, or boarding or alighting from, any civil aircraft while on University business. The beneficiary of this policy is pre-designated. For further information and details contact Risk Management (656-3242).

Tax Information

Postdoctoral fellowship earnings are considered taxable income by the Internal Revenue Service (IRS) and the State of Vermont Department of Taxes. Because Postdoctoral Fellow/Trainee are not candidates for a degree, they are not eligible to deduct educational expenses from their total award. Travel reimbursements to Postdoctoral Fellow/Trainee, and the value of University-provided health insurance coverage (total premium cost minus your share of the premium), are also fully subject to federal and state income taxation.

Your U.S. income tax residency status determines whether or not the University makes withholdings for federal and state taxes from this income.

**U.S. citizens, lawful permanent residents and resident aliens for US income tax purposes** DO NOT have federal or state income tax withheld from their stipends. The Postdoctoral Fellow/Trainee is responsible for self-reporting the income on his or her federal and state income tax return. If one does not have significant withholdings being taken from another income source, postdoctoral fellowship recipients must make estimated quarterly tax payments, as needed, directly to the IRS and the State of Vermont Department of Taxes. Please obtain the estimated tax publications below in order to assess whether or not you will need to make estimated quarterly tax payments.

**Nonresidents of the United States** will have federal and state taxes withheld from their stipend awards. One’s visa status determines the rate of withholding. Payees on F (student) or J (exchange visitor) visas are subject to a withholding rate of 14%. All other visa holders are subject to a withholding rate of 30%. If your home country has an applicable income tax treaty covering fellowship income, you may reduce or eliminate federal tax withholding from the stipend. Refer to Tax Information for Foreign National Students and Scholars for further information.

Forms and Publications

The Internal Revenue service makes available IRS Publication 505, Tax Withholding and Estimated Tax, to assist individuals in calculating quarterly estimated tax payment amounts. The
transmittal form for submitting estimated tax payments is IRS Form 1040-ES, *Estimated Tax for Individuals*.

The State of Vermont Department of Taxes makes available Vermont Form IN-114, *Individual Income Estimated Tax Payment Vouchers*, and accompanying instructions for the purpose of calculating and remitting quarterly estimated Vermont income tax payments.

**Example: Employment vs. Non-Compensatory Fellowship**

<table>
<thead>
<tr>
<th>Example (Annualized)</th>
<th>Employee Compensation</th>
<th>Fellowship Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Postdoctoral Fellow/Trainee Stipend</strong></td>
<td>38,72.00</td>
<td>38,712.00</td>
</tr>
<tr>
<td>Pretax BCBS deduction @ 10% premium share</td>
<td>(879.38)</td>
<td>n/a</td>
</tr>
<tr>
<td>Pretax Zone 2 Peripheral parking @ 0.21% of earnings</td>
<td>(81.30)</td>
<td>n/a</td>
</tr>
<tr>
<td>Pre-tax retirement contribution at 3%</td>
<td>(1,161.36)</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Federal and State Taxable Income</strong></td>
<td>36,589.72</td>
<td>46,412.62*</td>
</tr>
<tr>
<td>FICA/Medicare withholding</td>
<td>(2,890.98)</td>
<td>n/a</td>
</tr>
<tr>
<td>Federal Income Tax Withholding</td>
<td>(2,882.35)</td>
<td>n/a</td>
</tr>
<tr>
<td>VT Income Tax Withholding</td>
<td>(891.07)</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Cash Flow, After Payroll Deduction and Tax Withholding</strong></td>
<td>29,925.32</td>
<td>38,7123.00</td>
</tr>
<tr>
<td>Value of University Provided medical Insurance Coverage**</td>
<td>7,914.46 (tax free)</td>
<td>7,700.65 (included income)</td>
</tr>
<tr>
<td>Fellows’ out-of-pocket medical insurance, at 10% of actual premium</td>
<td>n/a</td>
<td>879.38</td>
</tr>
<tr>
<td>Example (Annualized)</td>
<td>Employee Compensation</td>
<td>Fellowship Payment</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Fellows’ out-of-pocket cost of Affiliate-Zone 2 Peripheral Parking Tag</td>
<td>n/a</td>
<td>105.00</td>
</tr>
<tr>
<td>Fellows’ out-of-pocket Quarterly Estimated Federal and State Income Tax Payments</td>
<td>n/a</td>
<td>Applicable*</td>
</tr>
<tr>
<td>University’s cost of FICA/Medicare (employer match)</td>
<td>2,890.98</td>
<td>n/a</td>
</tr>
</tbody>
</table>

*Taxable income (and estimated tax payment) is based on stipend and value of University-provided insurance coverage.

**Value of $7,914.46 = $8,793.84 premium – $879.38 billed to Fellow/Trainee.

The individual’s annual cash flow from the University would increase under the fellowship scenario because federal and state income tax, FICA/Medicare, medical, retirement, and parking would not be withheld at the source. The individual’s federal and state taxable income (subject to quarterly estimated income tax payments) would increase since the value of medical benefits provided by the University would be included, and medical premium, parking, and retirement contributions would not be excluded from income. FICA/Medicare tax would no longer be applicable to the individual or institution.