

Section 8.6.13 Postdoctoral Fellowship Payments

Policy Statement

Units must ensure that postdoctoral fellowship payments are properly processed and accounted for within Banner.

Reason for the Policy

To ensure accurate reporting for the University of Illinois System's audited financial statements and compliance with applicable Internal Revenue Service (IRS) guidelines.

Applicability of the Policy

Any units paying postdoctoral fellowships.

- **Postdoctoral fellows** are individuals who have received a doctoral or terminal degree and are engaged in a temporary and defined period of advanced mentored training to enhance their professional skills and/or research independence needed to pursue their chosen career paths.
 - Postdoctoral fellows are **not** University of Illinois students since they are not seeking or working towards a degree.
 - In addition, postdoctoral fellows are **not** employees of the System, as they do not perform services for the System and are not paid wages.
 - Finally, postdoctoral fellows differ from postdoctoral research associates, as postdoctoral research associates **are** employees of the System who are often paid from a grant or another type of fund.
- **Postdoctoral fellowships** are payments which provide financial assistance to postdoctoral fellows to aid them during their period of advanced mentored training.

Procedure

To ensure postdoctoral fellowship payments are properly processed and accounted for within Banner, refer to the procedures below:

1. Before any payments are made, ensure the individual is a valid postdoctoral fellow and is aware of the applicable tax and visa implications of receiving a postdoctoral fellowship payment.
 - a. Since postdoctoral fellows are not University of Illinois students, the System has **no** IRS Form 1098-T reporting obligations.
 - b. Since postdoctoral fellows are not employees of the System, the System has no IRS Form W-2 reporting obligations.
 - c. Since postdoctoral fellows are not performing services, the System has no IRS Form 1099 reporting obligations.
 - d. A postdoctoral fellowship appointment does **not** satisfy employment requirements for visa purposes.

- e. Any postdoctoral fellowship payments made to or on behalf of **non-resident aliens (NRAs)** may be required to be reported as income on IRS Form 1042-S.
 - i. This includes payments to NRAs for any type of postdoctoral fellowship (e.g., stipends, moving expenses, allowances for room and board, payments towards childcare and healthcare costs, and supplies where the postdoctoral fellow is the primary beneficiary).
 - ii. Payments to NRAs may be subject to federal tax withholding at varying rates depending on the facts and circumstances.
 - iii. Contact [University Payroll & Benefits \(UPB\)](#) or [Tax Compliance & Analysis \(TCA\)](#) if further guidance is needed.
2. Determine the type(s) of payment(s) the postdoctoral fellow will receive.
 - a. A stipend payment typically covers the postdoctoral fellow's living expenses, such as room and board.
 - i. If a 0% postdoctoral fellowship appointment is needed for the stipend payment, then earn code **FPP** must be used.
 - b. A non-stipend payment typically covers items such as:
 - i. The postdoctoral fellow's educational expenses (which primarily benefits the postdoctoral fellow), including textbooks, educational and research supplies, travel to conferences, and professional association memberships.
 - ii. Any payments made directly to or on behalf of the postdoctoral fellow for their healthcare costs (such as health insurance) and childcare costs.
3. Ensure that a valid accounting string (i.e., C-FOAP) is utilized when processing these postdoctoral fellowship payments. This helps ensure that the payments are properly classified and accounted for within Banner for financial statement and tax reporting purposes.
 - a. Ensure that the fund code used to pay for the postdoctoral fellowship payments allows for this type of expense. For example, if the payments are made from a gift or grant fund, ensure that the payments are allowable per the restrictions assigned to that fund by the donor or the grantor.
 - b. Ensure that a proper [account code](#) is utilized to classify the type of payment.
 - i. The stipend portion of the postdoctoral fellowship payment must be recorded to account code [281305, Postdoctoral Fellowships – Stipends](#).

- ii. Moving expenses reimbursed to the postdoctoral fellow must be recorded to account code [154905, *Postdoctoral Fellow Moving Expense – Reimbursement*](#).
 - iii. Moving expenses paid directly to a vendor on behalf of the postdoctoral fellow must be recorded to account code [154915, *Postdoctoral Fellow Moving Expense – Payment to Vendor*](#).
 - iv. Educational and research supplies purchased on behalf of or reimbursed to the postdoctoral fellow must be recorded to account code [186906, *Postdoctoral Fellowships – Non-Stipend Educational Supplies*](#).
 - v. Educational travel expenses incurred on behalf of or reimbursed to the postdoctoral fellow must be recorded to account code [186907, *Postdoctoral Fellowships – Educational Travel Expenses*](#).
 - vi. Healthcare expenses paid to or on behalf of the postdoctoral fellow must be recorded to account code [186908, *Postdoctoral Fellowships – Healthcare Costs*](#).
 - vii. Childcare expenses paid to or on behalf of the postdoctoral fellow must be recorded to account code [186909, *Postdoctoral Fellowships – Childcare Costs*](#).
 - viii. Any other non-stipend costs paid on behalf of or reimbursed to the postdoctoral fellow which does not fit in any of the aforementioned account codes must be recorded to account code [186905, *Postdoctoral Fellowships – Non-Stipend Payments Not Elsewhere Classified*](#).
- c. Ensure that an appropriate program code is used to properly classify the postdoctoral fellowship.
- i. Payments made from a grant fund should typically be recorded to a program code utilizing a **Research** (1100) [NACUBO function](#).
 - ii. Payments made from a fund type other than a grant fund should typically be recorded to a program code utilizing a **Instruction** (1000) [NACUBO function](#).
4. Initiate the postdoctoral fellowship payment using the applicable university's process.
- a. At the University of Illinois at Urbana-Champaign (UIUC), contact the [UIUC Illinois Graduate College](#) as this is where postdoctoral fellowship payments are initiated.
 - b. At the University of Illinois at Chicago (UIC), the postdoctoral fellowship payments are typically initiated at the individual unit and/or department level.

- c. At the University of Illinois at Springfield (UIS), postdoctoral fellowship payments are typically not issued, so this is not applicable at UIS.

Related Policies and Procedures

<https://grad.illinois.edu/postdocs/PoliciesServices>

<https://grad.illinois.edu/postdocs/TaxInformationFellows>

<https://research.uic.edu/opa/>

<https://www.obfs.uillinois.edu/payments-foreign-nationals/other-types-payments/scholarship-fellowship-payments/>

<https://www.obfs.uillinois.edu/accounting-financial-reporting/banner-program-codes/>

<https://www.obfs.uillinois.edu/accounting-financial-reporting/banner-account-codes/>

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