



SAINT CHARLES BORROME0 SEMINARY, OVERBROOK

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I, II, AND III THEOLOGY

PAYMENT OPTIONS, STIPEND SCHEDULE, TAX INFORMATION

I. OPTION A: “EMPLOYEE” STATUS (Skip to p. 2 for *OPTION B*.)

A. NOTE TO PARISH SUPERVISORS AND/OR BUSINESS MANAGERS:

In the event that the Parish and Intern agree on Option A (paid as an employee):

1. The Parish agrees to pay the Intern a stipend based on the *Stipend Schedule* (see p. 3).
2. The Parish agrees to withhold all appropriate taxes, as required by law, from any gross amounts paid to the Intern, and to provide him with a W-2 Form at the end of the calendar year.

N.B. Many Seminarians’ gross incomes are well *under* the legal Earned Income limit and *might not* be required to have Federal Income Tax withheld. The payment method should be convenient for the Parish. Any questions or concerns related to tax status and/or withholding should be part of an open dialogue between the Intern and his Pastor/Supervisor and/or Parish/Business Manager.

3. The Parish agrees to pay:
 - a. the Employer’s portion of the Intern’s F.I.C.A., *and*
 - b. the Intern’s annual health insurance.

N.B. Please make checks for medical insurance payable to “*Insurance Fund*.” Please *do not* make insurance checks payable to St. Charles Seminary. The Office of the Dean of Men will send reminders to the Parish about insurance rates and due dates (usually twice a year). **Also note:** Even though health insurance is *non-taxable* as a “benefit,” it is calculated as a Parish cost (see p. 3).

B. NOTE TO I-III THEOLOGY SEMINARIANS:

In the event that the Parish and Intern agree on Option A (paid as an employee):

1. Complete a W-4 Form (provided by the Parish) before you begin your Internship.
2. Know that you are required to report as “Income” all monies paid to you in accordance with the IRS Tax Code. Income includes stipends paid for service on weekends, holy days, etc. Note that health insurance is a “benefit” and, therefore, *non-taxable*.
3. Ensure that questions or concerns related to tax status and/or withholding are part of an open dialog with your Pastor/Supervisor and/or Parish/Business Manager.
4. Familiarize yourself with those items in the Federal Tax Code that might apply to you:

N.B. According to the 2013 *IRS Individual Income Tax Filing Instructions*: **For online IRS information on taxes, go here:** <http://www.irs.gov/individuals/index.html>

> If you earned a gross income of **\$10,000.00 or less** (the Standard Deduction for Individuals), you *do not have to file* a Federal Income Tax Return, ***as long as you are not claimed*** as a dependent on your parents’ (or another’s) return.

> If you earned a gross income of **\$6,100.00 or less**, you *do not have to file* a Federal Income Tax Return ***even if you are claimed*** as a dependent on your parent’s (or another’s) tax return.

> Many Seminarians’ gross incomes are well *under* the legal Earned Income limit and *might not* be required to have Federal Income Tax withheld. The method of payment should be convenient for the Parish. Any questions or concerns related to tax status and/or withholding should be part of an open dialogue between the Intern and his Pastor/Supervisor and/or Parish/Business Manager.

5. **Remember:** *Federal* Income Tax (often referred to as either F.I.T. or F.W.T.) is *different from* Social Security (F.I.C.A.), Pennsylvania *State* Income Tax, and any local taxes (e.g., Philadelphia City Wage Tax, Lower Merion Occupational Privilege Tax, etc.) that may be imposed upon you.

6. It is incumbent upon each individual to determine whether and which (Federal, state) *tax returns* he must file and *taxes* (F.I.T., F.I.C.A., state, local), *if any*, he must pay. Typically, *most taxpayers* are liable for F.I.C.A., and *state and local taxes, whether he is exempt from Federal Withholding or not. *However, filing tax returns ensures that any tax overpayments can be refunded to you.

II. **OPTION B: “CONTRACTED SERVICES” STATUS**

A. **NOTE TO PARISH SUPERVISORS AND/OR BUSINESS MANAGERS:**

In the event that the Parish and Intern agree on Option B (paid as a contractor):

1. The Parish agrees to pay the Intern a stipend based on the *Stipend Schedule* (see p. 3).
2. The Parish agrees to issue the Intern a 1099 Form at the end of the calendar year.
3. The Parish agrees to pay the Intern’s annual health insurance.

N.B. Please make checks for medical insurance payable to “**Insurance Fund.**” Please *do not* make insurance checks payable to St. Charles Seminary. The Office of the Dean of Men will send reminders to the Parish about insurance rates and due dates (usually twice a year). **Also note:** Even though health insurance is *non-taxable* as a “benefit,” it is calculated as a Parish cost (see p. 3).

B. **NOTE TO I-III THEOLOGY SEMINARIANS:**

In the event that the Parish and Intern agree on Option B (paid as a contractor):

1. Taxes *will not be* withheld from your stipend.
2. **This Option does not absolve tax liability.**
3. You are required to report as “Income” all monies paid to you in accordance with the IRS Tax Code. Income includes stipends paid for service on weekends, holy days, etc. Note that health insurance is a “benefit” and, therefore, *non-taxable*.
4. Familiarize yourself with items in the Federal Tax Code that might apply to you.

N.B. According to the *2013 IRS Individual Income Tax Filing Instructions:* **(For online IRS information on taxes, go here: <http://www.irs.gov/individuals/index.html>)**

- > If you earned a gross income of **\$10,000.00 or less** (the Standard Deduction for Individuals), you *do not have to file* a Federal Income Tax Return, *as long as* **you are not claimed** as a dependent on your parents’ (or another’s) return.
- > If you earned a gross income of **\$6,100.00 or less**, you *do not have to file* a Federal Income Tax Return *even if* **you are claimed** as a dependent on your parent’s (or another’s) tax return.

5. **Remember:** *Federal* Income Tax (often referred to as either F.I.T. or F.W.T.) is *different from* Social Security tax (referred to as F.I.C.A.), Pennsylvania *State* Income Tax, and any local taxes (e.g., Philadelphia City Wage Tax, Lower Merion Occupational Privilege Tax, etc.) that may be imposed upon you.

6. It is incumbent upon each individual to determine whether and which (Federal, state) *tax returns* he must file and *taxes* (F.I.T., F.I.C.A., state, local), *if any*, he must pay. Typically, *most taxpayers* are liable for F.I.C.A., and *state and local taxes, whether he is exempt from Federal Withholding or not. *However, filing tax returns ensures that any tax overpayments can be refunded to you.

STIPEND SCHEDULE

SUMMER STIPEND	I, II, III THEOLOGY	SPANISH IMMERSION*
SUMMER INTERNSHIP	\$2,400	\$2,900

* The Spanish Immersion Stipend includes an additional \$500 for the food allowance.

APPROXIMATE ANNUAL PARISH COSTS FOR I-III THEOLOGY SEMINARIANS

SEMINARIAN LEVEL/TYPE	SUMMER STIPENDS	TOTAL ANNUAL HEALTH INSURANCE COST
I, II, III THEOLOGY	\$2,400	\$3,900**

N.B. The health insurance costs are an estimate and may vary from year-to-year. Health insurance is a “benefit” and, therefore, *non-taxable*; it should, however, be calculated into the parish cost.