

A PERSONAL FINANCE *for PhDs* Workshop

Title: How to Prevent a Large, Unexpected Tax Bill on Your Fellowship Income

Description: Congratulations on being awarded a fellowship! Don't let your dream turn into a nightmare next tax season; too many fellowship recipients are surprised by a multi-thousand-dollar tax bill stacked with penalties and interest. When you aren't having income tax withheld from your fellowship paychecks, it becomes your responsibility to manually pay your income tax bill up to four times per year. During this workshop, you will determine if you are required to make estimated tax payments and calculate your total tax liability for the year. Furthermore, you will learn the best practices for saving up for those payments, how to document your educational expenses to minimize your tax liability, and which tax software is most amenable to fellowship income.

Audience: Graduate students and postdocs who receive fellowship (non-W-2) income, are US citizens/residents, and are not having income tax withheld from their paychecks.

Timing: Near the start of the academic year, e.g., during orientation

Length: 1 hour

Format: Live in person or remote

Cost: Speaking fee of \$2,500 for up to 50 participants with an escalation for larger groups; travel costs are additional

Outcomes: Participants will determine whether they are required to pay estimated tax and in what amount. They will calculate and set up their system of self-withholding to prepare to pay their tax bill(s). If the seminar occurs in August or early September and the participant has the money available, they can make their quarter 3 tax payment during the workshop.

University-Specific Tailoring: University policies regarding which tax forms are issued, income tax withholding, and qualified education expenses; state residency definition; state adjustments to federal treatment of fellowships (if any)

Pre-Seminar Audience Prep: Participants should bring to the workshop (as many as available) their most recent pay stub, fellowship award letter, bank statements, student account transactions, and prior year's tax return.

Start of Seminar Assessment: Are you required to make estimated tax payments on your fellowship? Are you currently setting aside the appropriate amount of money to pay your future tax bill(s)?

Peer Interaction
 PFforPhDs Tool
 External Tool Rec
 Solo Work
 Decision Prompt
 PFforPhDs Example
 Content Rec

Outline (Q&A Throughout)							
Employee vs. awarded framework on stipends and tuition/fee funding		W		✓		✓	
What is estimated tax? Who is not required to pay?		S				✓	
Fill out Form 1040-ES to determine estimated tax requirement	P		✓	✓			
Set up your system of self-withholding or adjust your (spouse's) existing withholding		W	✓	✓	✓	✓	
Make your estimated tax payment				✓	✓		✓
Prep for tax season: <ul style="list-style-type: none"> • Expenses to track • Forms to expect • IRA eligibility • Software recommendation 		W				✓	

Peer Interaction (P: Real-Time Anonymous Poll, D: Small Group Discussion, L: Large Group Discussion); PFforPhDs Tool (W: Worksheet, S: Spreadsheet, N: Notes Page); External Tool Recommendation; Time for Solo Work; Decision or Next Steps Prompt; PFforPhDs Example (from the Podcast); Content Recommendation (B: Book, P: Podcast, W: Website, O: Other)

End of Seminar Assessment: Are you required to make estimated tax payments on your fellowship? Do you know how much money to set aside to pay your future tax bill(s)?