



Exceptional Care. Without Exception

Policy #:	1
Issued:	12/08
Reviewed	
Or Revised:	2/09, 10/09

## Faculty Practice Foundation, Inc.

### Boston University Mallory Pathology Associates, Inc.

#### Professional Stipend – Clinical Faculty Only

##### Policy and Procedure

###### **Purpose.**

To clearly define what an acceptable expenditure under the Professional Stipend account is and set forth the expectation that all practices will both monitor the use of these funds and utilize the accounting structure set forth by the faculty practice plan.

###### **Policy Statement**

All faculty members are afforded a \$3000 per year professional stipend. The Administrative Director will monitor expenses charged to the stipend on a monthly basis and will track in a summary spreadsheet. Unused balances from prior year may be carried over to the current year to allow flexibility for physicians to attend conferences and CME courses, for a maximum 2 year cycle. Over expenditures will be deducted from the next cycle.

Stipend expenses that exceed \$3000 per year must be reviewed and approved by the Chair. In the last quarter of the fiscal year as the budget permits, an additional \$500 may be approved by the Chair; this will be announced departmentally.

Each practice will be required to review their Professional Stipend expenditures and ensure they meet the requirements set forth by the FPF in accordance with IRS guidelines.

Consider the following three criteria when evaluating requests for reimbursement:

- 1. Is the stipend being granted out of an “accountable plan”?**
- 2. Does the expenditure qualify as deductible?**
- 3. Is the expenditure categorized as an expense that cannot be excluded?**

###### **1. Is the stipend being granted out of an “accountable plan”?**

Amounts treated as paid under an accountable plan are excluded from an employee’s gross income, not reported as wages or other compensation on the employee’s W2, and exempt from withholding and payment of employment taxes. (Treas. Reg. §1.622(c) (4))

An accountable plan requires that all of the following requirements be met:

- The expense must be of the type that would have been deductible had the employee paid it him/herself
- The employee must provide the employer with adequate documentation of the expenses within 60 days of the expense. (receipt, bills, canceled checks, along with explanation)

**2. Does the expenditure qualify as deductible?**

In order for an educational expenditure to qualify as deductible it must meet the following criteria as stated by Treas. Reg. §1.625 and code §162. To be deductible, your expense must be for education that:

- Maintains or improves the skills required in the employee's current job
- Serves a business purpose of your employer and is required by your employer, or by law or regulations, to keep your present salary, status, or job.

As an example, computers and mobile electronic devices do not qualify as deductible.

**3. Is the expenditure categorized as an expense that cannot be excluded?**

There are two categories of educational expenses that cannot be excluded from employee income even if the expenses meet the general deduction rules of Treas. Reg. §1.1625. The two categories are:

- Education necessary to satisfy the minimum educational requirements of the employee's employment
- Education that is part of a program of study that will qualify the employee for a new trade or business

**Application.**

The policy will be applied to all Mallory Pathology Associates Participants. Faculty will be notified of their professional stipend account balance semi-annually.

**Exceptions.**

None

**Procedure.**

The Faculty Practice Plan will prepare an annual report to verify total stipend expenditures. This report will be sent to each physician as well as the Department Chair.

**Responsibility.**

The practice will review all submitted expenses to ensure compliance with this policy. If expenses are submitted, and deemed inappropriate, they should not be processed