TRAINEES

It is essential residents understand the effect of change in status on their benefits, and the status **before** accepting the appointment to a training grant. Residents must be provided with a “Letter of Understanding” that outlines the effect of the appointment on benefits and tax status. A copy of the “**Letter of Understanding**” signed by the resident and the program coordinator, and the **federal “Statement of Appointment”** must be forwarded to Karen Brooks.
Letter of Understanding

RESIDENT MUST SIGN BEFORE BEING APPOINTED TO TRAINING GRANT. A COPY OF THE COMPLETED LETTER MUST BE ATTACHED TO TRAINEE AWARD FORM.

Re: Appointment to Training Grant and Change in Employee Status

Effective Date:

Dear Dr. __________,

You have been offered an appointment in the Department of Pediatrics Division of ____________ that will be funded by a training grant. This appointment will require that your employment status be changed from Status 07, Job Group M (resident/intern) to status 07, Job Group N (resident trainee). This change in employment status will affect your benefits and tax status as outlined below.

- **UAB Employee Benefits:** Due to IRS restrictions placed on training stipends, company-paid fringe benefits are not allowed for status code 07, Job Group N, resident trainees. Therefore, you will be **ineligible** for UAB benefits and will lose benefits to which you currently subscribe on the effective date of your change in status.

- **Health Insurance Coverage:** As a resident trainee, you are **eligible** for health insurance through Viva Health with the full premium for single or family coverage paid by UAB. However, the **premium paid by UAB is reported as taxable income and you will be responsible for taxes on this amount.** At present, the premium paid by UAB is $180.00 per month for single coverage and $432.00 per month for family coverage. This plan differs from the Viva UAB plan for employees, and enrollment is not automatic. You **must** take a copy of this letter or a completed “Certification of Resident Status” form to the Benefits Office (Administration Building, Room 270) to enroll for coverage **within 31 days of the effective date of your appointment.**

- **Dental Coverage:** You are eligible for the same coverage offered to all employees under the UAB dental plan and will be responsible for the full premium for either single or family coverage. You **must** go by the Benefits Office (Administration Building, Room 270) to enroll for coverage **within 31 days of the effective date of your appointment.**

- **Taxes:** In accordance with regulations, federal and state income taxes will not be withheld from your stipend if you are a citizen of the United States. You may be required to file federal quarterly estimated income tax returns and pay quarterly taxes to comply with the individual income tax regulations. It is important that you consult an Income Tax professional or the IRS for advice on this matter.
Sincerely,

__________________________  ________________

Program Director

Date

Your signature below indicates that you have been informed of, and understand, the effect this change in employee status will have on your benefits and tax status.

__________________________  ________________

Date

Resident Trainee