Service Unit Participants – Financial Responsibility Considerations

When your service unit accepts participants into your program you will need to be sure that you have considered all aspects of this responsibility including:

If you are paying the participants a stipend of any amount, the stipend will be considered taxable income and needs to be reported appropriately for tax purposes.

* Assess whether you will report these amounts on a W-2 or treat the participant as an independent contractor and report amount on a 1099. Get professional tax advice as needed.
* Inform the participants how the stipend will be reported to them for tax purposes
* If reporting on a W-2, ensure that you have a process in place to include the stipend as part of your payroll tax reporting.
	+ Gross up and withhold applicable payroll taxes.
	+ Determine if there are any state or local taxes that need to be withheld or collected
	+ Get professional advice as needed
* If you have foreign participants
	+ Determine the proper tax reporting for any stipend that is paid. This will be different depending on the country that the participant is from and any tax treaties in place with that country for social security or income taxes
	+ Determine if there are any special visa situations that will affect tax reporting (example F-1 student visa)
	+ Ensure that the participant obtains the appropriate tax ID numbers
	+ Obtain professional tax advice as needed
	+ Information offered by local leaders in Best Practices file located in the folder “Documents shared by units”.

Worker’s Compensation Coverage

* Ensure that worker’s compensation (WC) coverage is in place
	+ Require the placement agency to provide WC coverage as part of the agreement with the placement agency or
	+ Confirm that the participant will be covered under your church or organization’s WC policy.

Health Coverage

* Determine if you are going to offer the participant health coverage. If yes:
	+ Identify the plan you will over coverage under
	+ Ensure that the participants will be eligible to participate in the plan
	+ Determine the amount of the cost that will be contributed by your organization, if any, and the amount that will need to be contributed by the participant.

Other Insurance considerations

* Check with your insurance agent to ensure that you have appropriate insurance coverage for all aspects involved in the operation of your service program.
	+ General Liability
	+ Auto coverage
	+ Other coverages recommended by your insurance agent

Other Considerations:

* Make sure that you understand and are in compliance with any local laws that may apply to your program participants or your organization.