2020-2021

HLS Summer Living Allowance Examples

Example Assumptions:
- Student is single without any dependents
- Student is meeting work requirement
- Student is working in MA
- Summer Income is for summer of 2020
- HLS Summer Living Allowance is based on 20-21 policy
- Tax Rates are based on 2018 tax information

Example 1: SPIF Position Only

SPIF Exception: Because the base SLA is more than adequate to offset any estimated net income, students (without dependent children) working in a SPIF-funded position over the summer will not have their income assessed for a student contribution. This is the one case where the effective SLA is not higher than the base SLA. In fact, the effective SLA may be lower than the base SLA, because the total income for the summer (if the student has no other employment) will be lower than the SLA. In this case, the expected student contribution from income will be $0.

Example 2: Gross Summer Income = $20,000

Taxes: Federal taxes of $800 are based on the federal tax table for a net income of $8,000 (after the standard deduction). State taxes and FICA are both based on the original gross income of $20,000. The state tax allowance given for Massachusetts would be $800 and the 7.65% FICA allowance generates a FICA tax of $1,530. The federal, state, and FICA taxes are totaled to get an overall estimated tax burden of $3,130.

Estimated Post-Tax Income: The estimated total tax burden ($3,130) is subtracted from the gross summer income of $20,000 to get $16,870 in estimated post-tax income.

Base Summer Living Allowance: The base SLA of $8,200 is then deducted from the $16,870 est. post-tax income. The resulting $8,670 becomes the Estimated Net Income — the total amount available for your summer contribution to fund your legal education.

Additional SLA Protection: In a final set of calculations, an additional 10% of the Estimated Net Income is protected ($8,670 x 10% = $867).
**Assessed Contribution:** From the Estimate Net Income of $8,670, subtract the additional protected 10% ($867). This new amount rounded to the nearest $10 is the assessed SC from summer income: $7,800.

**Effective SLA:** Of your post-tax income of $16,870, your effective SLA is $9,067 (based on the Base SLA ($8,200) plus the additional income protected ($867)).

**Example 3: Gross Summer Income = $36,000**

**Taxes:** Federal taxes of $2,690 are based on the federal tax table for a net income of $24,000 (after the standard deduction). State taxes and FICA are both based on the original gross income of $36,000. The state tax allowance given for Massachusetts would be $1,440 and the 7.65% FICA allowance generates a FICA tax of $2,754. The federal, state, and FICA taxes are totaled to get an overall estimated tax burden of $6,884.

**Estimated Post-Tax Income:** The estimated total tax burden ($6,884) is subtracted from the gross summer income of $36,000 to get $29,116 in estimated post-tax income.

**Base Summer Living Allowance:** The base SLA of $8,200 is then deducted from the $29,116 est. post-tax income. The resulting $20,916 becomes the Estimated Net Income — the total amount available for your summer contribution to fund your legal education.

**Additional SLA Protection:** In a final set of calculations, an additional 10% of the Estimated Net Income is protected ($20,916 x 10% = $2,091).

**Assessed Contribution:** From the Estimate Net Income of $20,916, subtract the additional protected 10% ($2,091). This new amount rounded to the nearest $10 is the assessed SC from summer income: $18,830.

**Effective SLA:** Of your post-tax income of $29,116, your effective SLA is $10,291 (based on the Base SLA ($8,200) plus the additional income protected ($2,091)).