

Journal of Finance Referee Honorarium Policy

1. Purpose

This policy transitions the *Journal of Finance* from a legacy referee credit system to a streamlined honorarium model. The objectives are to simplify journal operations, eliminate long-term financial liabilities, and strengthen incentives for timely, high-quality referee reports.

2. Referee Compensation Model

Referees whose reports are certified by the Editor as both timely and of high quality are eligible for a **\$250 honorarium**.

Upon accepting an invitation to review, referees must select one of the following options within the designated timeframe:

Option A: Electronic Cash Payment

- Referees receive a \$250 electronic payment via PayPal.
- Payments are processed in periodic batches to ensure administrative efficiency.
- Referees are responsible for providing and maintaining valid payment and required tax information through the AFA's secure submission system.
- Payments may be subject to applicable tax reporting requirements.

Option B: Philanthropic Donation

Referees may elect to direct the full \$250 honorarium to one of the following AFA-designated funds:

- **Rick Green Prize Fund**
Supports an annual award recognizing outstanding research by early-career scholars.
- **APC Support Fund**
Supports open-access publishing for early-career and under-resourced researchers.

Additional details: Referees will receive a formal charitable contribution acknowledgment from the AFA. In accordance with IRS regulations, directing funds to a

third party may be treated as taxable income to the referee and may be reported accordingly.

Option C: Waive Honorarium (AFA General Fund)

Referees may elect to decline the \$250 honorarium as a way of **gifting their time and expertise back to the profession**. In this case, no payment is made, and the funds remain with the AFA to support its general operations, including educational programming and member services. This support is vital to maintaining low membership dues and fostering the exchange of research across the global finance community.

- **Legal Status:** This election constitutes a formal waiver of compensation, not a charitable contribution.
- **Tax Impact:** Because the referee is declining compensation and not directing funds to a third party, no taxable income is recognized, and no tax reporting (1099-NEC) is generated.

3. Editorial Determination

Eligibility for the honorarium is determined solely by the Editor of the *Journal of Finance*, who certifies that the referee report meets the journal's standards for timeliness and quality.

4. Selection and Expiration Policy

4.1 Selection Window

Referees must select their preferred option (Payment, Donation, or Waiver) within **60 days** of accepting the invitation to review.

The Association's financial obligation for the honorarium is contingent upon a timely selection.

4.2 Default Outcome (No Selection)

If no selection is made within the 60-day window, or if required payment information is not provided, the honorarium is automatically **waived and retained by the AFA General Fund**.

This outcome constitutes a full release of the Association's financial obligation for that honorarium.

5. Policy Administration and Amendments

This policy is administered by the American Finance Association in coordination with the editorial leadership of the *Journal of Finance*.

The AFA reserves the right to amend, suspend, or discontinue this policy at any time to ensure compliance with applicable legal, financial, and operational requirements.