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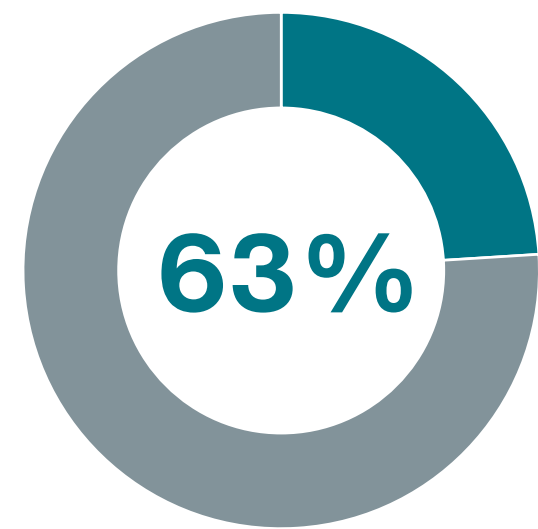
# **Emergency Relief Funds**

January 2025



# Emergency Relief Funds: Employer Trends

Majority of Americans are unprepared for financial emergencies

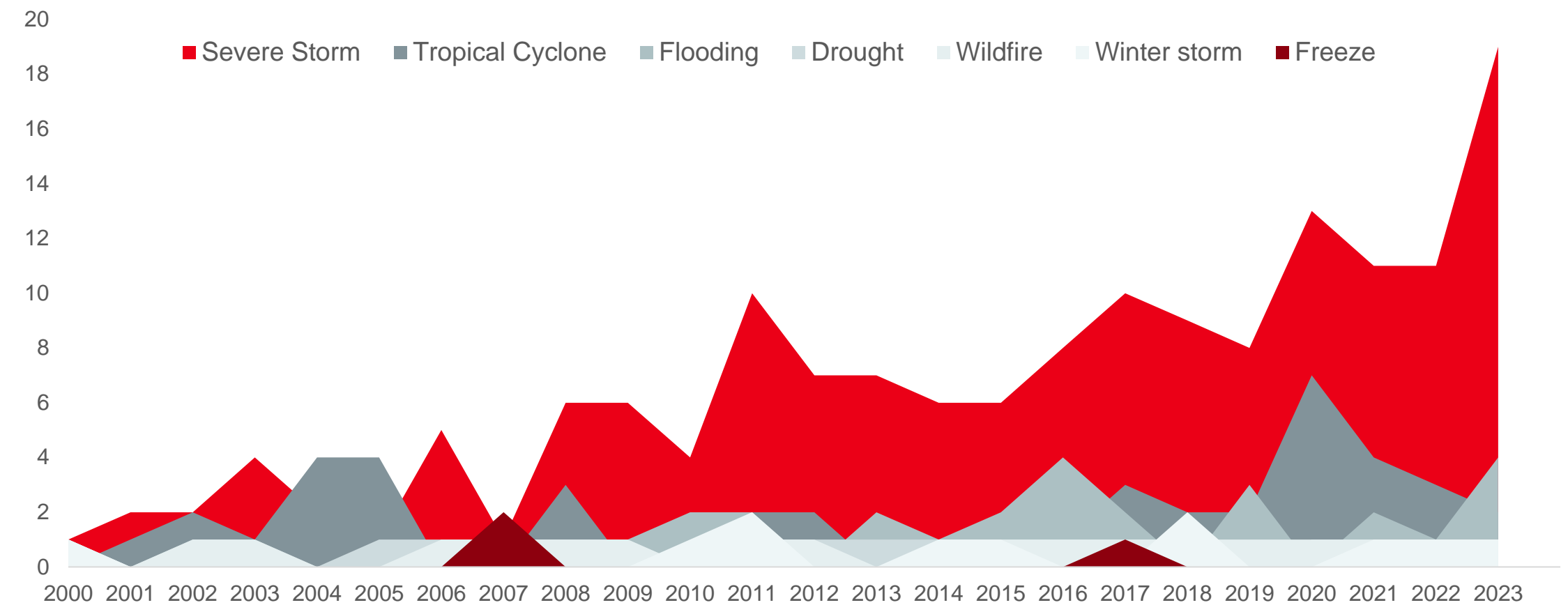


unable to cover a **\$500** unexpected expense.<sup>1</sup>

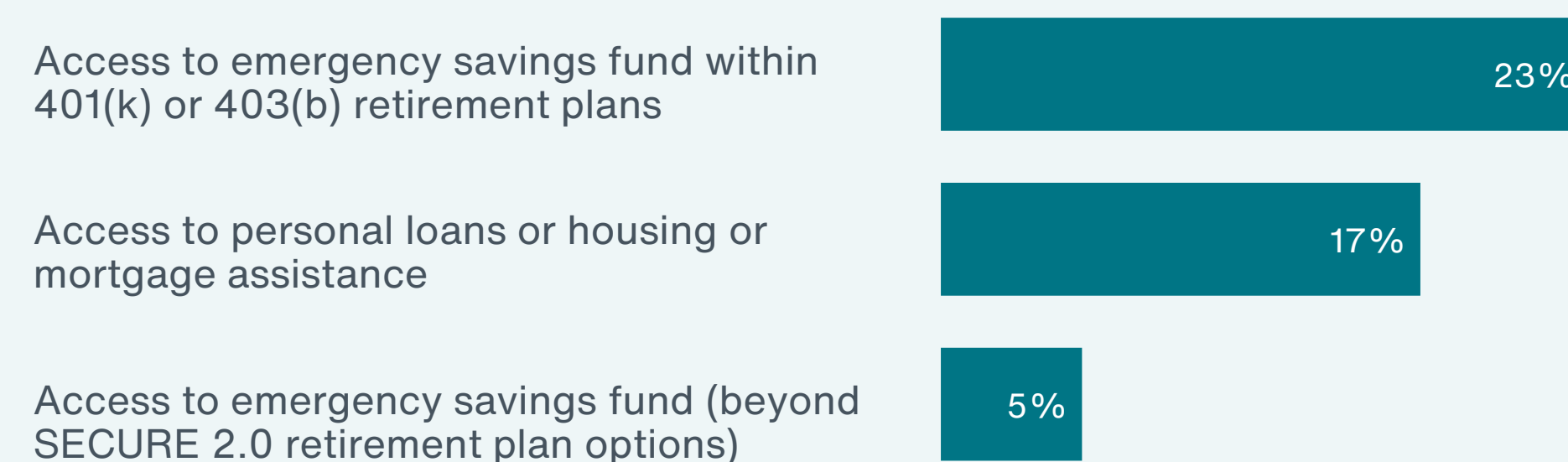
The impact of financial stress on workers is enormous, costing U.S. companies **\$4.7b per week**<sup>1</sup>:

- **13-18%** of annual salary costs<sup>3</sup>
- **29-30** productive workdays annually<sup>3</sup>
- Additional recruitment and training costs

2023 had the most billion-dollar natural disaster events of any year to date (U.S.)<sup>2</sup>



Share of organizations that provide access to emergency funds or loans<sup>4</sup>:



# Types of Employer Emergency Hardship Programs

Focus for this document

## Emergency Relief Fund

- Also called Employee Support Fund, Employee Crisis Fund, Employee Hardship Fund, etc.
- Nonprofit entity that receives contributions and disburses grants (not loans) to employees
- Typically tax-advantaged and subject to IRC Section 501(c)(3)
- Employee relief limited to qualified disasters and personal hardships
- Can be funded by employer and/or employee donations

## Emergency Savings/Loans

- Emergency savings are set up through payroll deductions which are employee-funded
- An emergency loan can help employees obtain a low interest loan that can help cover unexpected expenses.

## Emergency Expense Distributions (EEDs)

- EEDs are payments from eligible retirement plans
- These payments help people deal with unexpected financial needs related to personal or family emergencies.
- These distributions were authorized under the SECURE 2.0 Act of 2022 and became effective on January 1, 2024

Authorized under Secure 2.0 Act

## Pension-linked emergency savings accounts (PLESAs)

- Emergency savings sidecar accounts for non-highly compensated employees only
- Capped at \$2,500 or lower amount set by employer
- Contributions made on a Roth basis and treated as elective deferrals for purposes of the employer match
- Authorized under the SECURE 2.0 Act of 2022

# Emergency Relief Fund Vendor Comparison



	America's Charities	Benevity	Bright Funds	Blackbaud
<b>Year Founded</b>	<ul style="list-style-type: none"> <li>1980 - Incorporated in 1988 in WA, DC</li> </ul>	<ul style="list-style-type: none"> <li>2008</li> </ul>	<ul style="list-style-type: none"> <li>2012</li> </ul>	<ul style="list-style-type: none"> <li>Blackbaud: 1982, YourCause: 2008, acquired by Blackbaud in 2018.</li> </ul>
<b>Lives Supported # of Employer clients</b>	<ul style="list-style-type: none"> <li>190 current clients with over 2 million employees</li> </ul>	<ul style="list-style-type: none"> <li>Supports over 2 million nonprofits worldwide</li> </ul>	<ul style="list-style-type: none"> <li>Supports various nonprofits globally</li> </ul>	<ul style="list-style-type: none"> <li>480+ employers with over 8 million employees</li> </ul>
<b>Program Overview</b>	<ul style="list-style-type: none"> <li>As an NPO, they can manage ERF, which accept tax-deductible donations &amp; tax-free grants for personal financial hardship, immediate help, and qualified disaster assistance.</li> </ul>	<ul style="list-style-type: none"> <li>Benevity offers a comprehensive disaster and crisis relief program that includes employee giving, matching, volunteering, customer donations, and corporate grants</li> </ul>	<ul style="list-style-type: none"> <li>Bright Funds provides disaster relief funds that support immediate and long-term recovery efforts for various disasters</li> </ul>	<ul style="list-style-type: none"> <li>YourCause offers Employee Relief programs using GrantsConnect for application and disbursement. They partner with E4E Relief for compliance and best practices.</li> </ul>
<b>Key Differentiator</b>	<ul style="list-style-type: none"> <li>A dedicated account manager (AM) and team members are provided to service the EAF and employees. The AM assigned will facilitate set-up and onboarding to the EAF program, including policy and online application, determining required grant funding, and managing EAF team</li> </ul>	<ul style="list-style-type: none"> <li>Integrated approach to disaster and crisis relief that aligns workplace giving, matching, volunteering, corporate grantmaking, and consumer-facing initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Focuses on both immediate assistance and long-term resilience, partnering with organizations like the Center for Disaster Philanthropy</li> <li>Launches the program in a few days or less</li> </ul>	<ul style="list-style-type: none"> <li>Partnership approach with a 95% client retention rate. Features include Groups, Disaster Relief, Configurable Homepage, Engagement Elements, Segmentation, and flat U.S. donation processing pricing.</li> </ul>
<b>Provision of Financial Relief</b>	<ul style="list-style-type: none"> <li>Offers two types of application and review processes which may be used together or independently of each other:</li> <li>Personal Hardship Assistance Services</li> <li>Qualified Disaster Immediate Assistance</li> </ul>	<ul style="list-style-type: none"> <li>Provides immediate relief funding and supports long-term community recovery</li> </ul>	<ul style="list-style-type: none"> <li>Offers immediate needs assistance and long-term infrastructure rebuilding</li> </ul>	<ul style="list-style-type: none"> <li>Parameters created by the client and relief partners (E4E or EAF). Blackbaud supports relief efforts and fund processing to nonprofits</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Eligibility based on active employment; impacted by a qualifying event or demonstration of a financial hardship including dependents/family</li> </ul>	<ul style="list-style-type: none"> <li>Employees, customers, and communities can participate</li> </ul>	<ul style="list-style-type: none"> <li>Employees and their communities affected by disasters</li> </ul>	<ul style="list-style-type: none"> <li>Eligibility requirements set by the client and confirmed with YourCause and relief partners.</li> </ul>
<b>Employee request process</b>	<ul style="list-style-type: none"> <li>Online application</li> <li>Provide verification of qualified event or hardship</li> </ul>	<ul style="list-style-type: none"> <li>Employees can request funding through an employee giving campaign with automated matching and easy payroll giving</li> </ul>	<ul style="list-style-type: none"> <li>Employees can request funding through the disaster relief fund, which supports both immediate and long-term recovery efforts</li> </ul>	<ul style="list-style-type: none"> <li>Eligibility requirements would be created by the client and confirmed with YourCause and our two relief partners: E4E or EAF.</li> </ul>

# Emergency Relief Fund Vendor Comparison



	E4E Relief	Givinga Foundation
<b>Year Founded</b>	<ul style="list-style-type: none"> <li>2001</li> </ul>	<ul style="list-style-type: none"> <li>2015</li> </ul>
<b>Lives Supported Number of Employer clients</b>	<ul style="list-style-type: none"> <li>Over 180 employer clients with 7 million lives supported</li> </ul>	<ul style="list-style-type: none"> <li>Not specified</li> </ul>
<b>Program Overview</b>	<ul style="list-style-type: none"> <li>The E4E Relief program provides customizable financial relief solutions for clients. Established in 2001, it supports nearly 7 million lives and serves over 180 employer clients. The program features branded portals for each client, integrated with HR systems, where employees can apply for relief. Applications are reviewed within 1 to 7 business days, and funds are distributed via bank deposits, PayPal, Zelle, or checks. Donations can be made by employers and employees through various methods.</li> </ul>	<ul style="list-style-type: none"> <li>Customizable disaster relief accounts for designated individuals and community causes</li> </ul>
<b>Key Differentiator</b>	<ul style="list-style-type: none"> <li>Customizable Solutions: Tailored financial relief programs to meet specific client needs</li> <li>Branded Portals: Custom-built, client-branded portals integrated with HR systems</li> <li>Comprehensive Support: Assistance with tax/legal considerations</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced corporate giving and grant management platform</li> </ul>
<b>Provision of Financial Relief</b>	<ul style="list-style-type: none"> <li>Various fund distribution methods including bank deposit, PayPal, Zelle, check, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Contributions qualify as charitable donations, tax-deductible to the donor and tax-free to the recipient</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Active employment, impact by a qualifying event, demonstration of financial hardship</li> </ul>	<ul style="list-style-type: none"> <li>Current and former employees, their families, and local community business partners</li> </ul>
<b>Employee request process</b>	<ul style="list-style-type: none"> <li>Applications reviewed by E4E team, decision timelines range from 1 to 7 business days</li> </ul>	<ul style="list-style-type: none"> <li>Applications reviewed by Givinga team, funds distributed via bank deposit, PayPal, or check</li> </ul>

# Key Considerations

## Potential challenges or considerations when implementing an Emergency Relief Program

### Administrative Complexity

- Setting up and managing an emergency relief program can be administratively complex. It requires clear guidelines, efficient processes, and dedicated resources including legal counsel to ensure the program runs smoothly. Many companies outsource administration to a third-party platform.

### Funding and Sustainability

- Employers need to ensure that there are sufficient funds available to support employees in need, which may require ongoing fundraising efforts or budget allocations. Funding can come from employer and/or employees via donations, typically as a payroll deduction.

### Eligibility and Fairness

- Determining eligibility criteria and ensuring fairness in the distribution of funds can be challenging. Employers must establish clear and transparent criteria to avoid perceptions of favoritism or bias

### Disbursement of Funds

- Establish a clear and equitable process for disbursing funds. This includes setting up an easy-to-use application process, deciding on the approval procedures, and ensuring that funds are disbursed quickly and in their entirety.

### Implementation

- Organizations should assess the necessity for such funds by considering employee feedback and external factors, including regional risks of natural disasters and socioeconomic conditions.

### Legal Considerations

- Ensure that the program complies with all relevant laws and regulations. This includes maintaining employee privacy and dignity, which can be facilitated by using third-party platforms to manage the funds and applications.

### Tax Advantages

- For employer emergency relief fund established under IRC 501(c)(3), contributions from both employees and the company are tax-deductible, and employees are not subject to tax on the grants they receive if used for a qualified disaster.

# Best Practices

## Setting up an Emergency Relief Program

### Analyze Workforce Needs

- Start by understanding your workforce's unique needs and determine what you want to offer. Consider factors like per-employee grant maximums, the possibility of multiple grants, and qualifying financial hardships.

### Select Administration Partner

- Decide if you will outsource administration and select a partner that can support setup of 501(c)(3), ease of administration and funding, seamless employee experience, and advise on program compliance and tax considerations.

### Determine Funding Sources

- Decide where the money for the fund will come from. Typically, a combination of employer and employee contributions is used. Company-sponsored fundraisers or donations can also be effective ways to raise funds.

### Establish Application Process

- Create an easy-to-use and equitable application and review process. This can be managed internally or by partnering with a third party. Ensure compliance with any necessary regulations.

### Communicate with Employees

- Share the application process with employees, explaining how much money they can access and what hardships qualify for assistance. Encourage them to bookmark the application and remind them about it during pivotal moments. Show employees that the company has their back during difficult times, fostering a supportive work environment.

# Contact Info

For contact information regarding Emergency Relief Funds, please contact the colleagues listed below for any direct questions or concerns.

## Health Transformation Team (HTT)

- Manny Gutierrez – Email: [manny.gutierrez2@aon.com](mailto:manny.gutierrez2@aon.com)
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- Rebecca Warnken – Email: [rebecca.warnken@aon.com](mailto:rebecca.warnken@aon.com)

## Wealth – Secure Act 2.0 Contact

- Melissa Elbert – Email: [melissa.elbert@aon.com](mailto:melissa.elbert@aon.com)



# Thank You