



Help employees overcome
unexpected financial
hardships and stress with

Employee Assistance Funds

A guide for employers interested in starting,
expanding, or outsourcing an EAF program



Introduction

Today's workers expect more from their employers than a competitive salary or the promise of growth and advancement. They also want to work for companies that share their values.

This trend is far from new. More than 7 in 10 employees said it is imperative or very important to work for an employer where mission and values align, according to America's Charities [Snapshot Employee Donor survey](#).

Socially minded employers have responded by [offering a range of corporate social responsibility \(CSR\) programs](#) to engage their employees in workplace giving and volunteering.

While employers have traditionally focused their corporate purpose programs outward to help the communities in which they live and work, many were caught off guard in the wake of COVID-19. In an instant, the workplace changed and businesses faced unprecedented challenges, not the least of which was the plight of their own workforce. It quickly became apparent that employees needed help. Corporate leaders needed to [turn their CSR efforts inward](#).

The pandemic has caused unparalleled disruption and stress for employees and their families. In response, many companies are now doubling down on external activities such as volunteering and corporate giving, while also taking steps to help those inside their organizations – especially those facing financial or personal hardships.

They are doing this through [Employee Assistance Funds \(EAFs\)](#), which provides qualified employees a grant to help them cover an expense and cope with unexpected financial stress.

EAFs offer an easy way to turn a company's CSR efforts inward and provide a critical new benefit to employees. Through an EAF, employers and their employees can work together to help their colleagues navigate difficult circumstances.

As one of the few facilitators in the U.S. with an established program to help employers of all sizes and across all industries create and operate EAFs, America's Charities has quickly become a leader in the space. In fact, we are the only organization to offer a charitable giving component, which enables coworkers and the wider community to support their colleagues and neighbors. By bundling other aspects of giving, America's Charities also empowers employers to easily integrate EAFs with their other CSR programs and achieve even more social good.



Did you know?

The impact of financial stress on workers costs employers 13-18% of annual salary costs.

(Source: Salary Finance 2020 report)



Serving more than
100 companies

reaching more than

500,000

U.S. and international employees

from nearly a dozen different industries.



“ Thank you for helping Berkshire Bank get our EAF up and running so quickly. It was a super smooth process and the America's Charities team was great to work with, providing relevant insights that helped us rapidly create a program to meet our employees' needs today and into the future. ”

Gary R. Levante
SVP, Corporate Responsibility & Culture, Berkshire Bank



\$16 Million +
in grant
funding

16 grants
Thousand + processed



After COVID-19 was declared a pandemic, we added on average two businesses a week to our EAF client roster, and the pace has not slowed down. We've helped more than 100 companies create and manage EAFs, benefiting more than half a million people around the globe. Our clients run the gamut from small local business to large corporations across a range of industries. Likewise, employers are deploying their EAFs in a variety of ways, from a stand-alone program to just one component of a larger CSR effort including charitable giving, donation matching, and more. Our experience has provided us a deep understanding of employer and employee needs, and has further informed and streamlined our approach to running effective EAF programs.

With this guide, we're sharing our knowledge to help you learn more about the value of EAF programs, how to set up a fund, and how to choose the right partner to help administer your fund.

Thankfully, the COVID-19 pandemic will likely not last forever. Crises, however, are timeless. Employees will continue to face financial difficulties due to natural disasters, emergencies, and personal and family issues. By creating an EAF, your company can help your employees navigate tough times and demonstrate your commitment to responsible corporate citizenship.



Watch Now!

[Click here](#) for a 15-minute video, where America's Charities' President and CEO Jim Starr, and EAF Program Manager Katie Kern, explore the whats, whys, and hows of setting up and managing an EAF program.



What is an EAF?

Simply put, an EAF is a company-sponsored program that enables employees to apply for small financial grants to assist them with personal financial expenses. Companies can shape these programs in a variety of ways.

Why Start an EAF?

Sometimes, your employees need an extra hand.

Their homes might get damaged or destroyed by a natural disaster. A spouse or loved one might lose their job. A family member might be facing a terminal illness. They might be a victim of a crime or domestic violence.

Sometimes employees are furloughed, and yet their household expenses continue to come in.

Often, these circumstances are unexpected – and create needs that are beyond what your company provides through its standard compensation and benefits packages.

That's where EAFs come in.

Companies start EAF programs to help employees cope with unexpected hardships that place undue financial stress on them and their families. While they sometimes go by other names (such as Employee Relief Fund or Employee Crisis Fund) and can take a number of forms, EAFs have a shared purpose: helping employees during times of need.

When your company sets up an EAF, you're helping provide a financial safety net to your workers when they need it most. In turn, you're helping build healthier families, healthier communities, and a healthier company.

Companies establish EAFs to:



Demonstrate compassion: Employees [facing financial difficulties](#) are 3.4 times more likely to experience anxiety or panic attacks, and four times more likely to suffer from depression. EAFs are a highly effective tool for helping employees who are experiencing pain or hardship. An EAF [shows, rather than tells, your teammates that you care.](#)



Increase productivity: Employees struggling with financial stress are more likely to miss deadlines, produce lower quality work, and have [higher absenteeism](#). This lack of productivity costs employers an average of \$5,000 per employee annually, more than \$230 billion every year, according to a study by the Federal Reserve. When you alleviate stress, your workers are happier, healthier, and more focused – and they are able to perform better as a result.

Did you know?

Employee Assistance Funds go by a number of other names, such as:

- Employee Relief Fund
- Emergency Relief Fund
- Employee Support Fund
- Employee Crisis Fund
- Employee Hardship Fund
- Employee Emergency Fund
- Employee grants





Improve employee engagement and retention: Retention skyrockets when employers show workers they care. The Limeade Institute [reported](#) that 60% of workers who felt cared for planned to stay with their employers for at least the next three years.



Protect employee privacy and maintain confidentiality: EAFs give companies a way to unobtrusively help employees, and when employers outsource their program's management to a partner like America's Charities, workers can apply for and receive help confidentially.



Build a sense of community: Co-workers are provided an opportunity to help their colleagues and build a stronger internal culture. Some, like America's Charities' client Baldwin Risk Partners Group, Inc., have designed their [True North Colleague Fund](#), so that those outside the organization—regional businesses and neighbors—are able to support people in need through an EAF. In some cases, [like the Dulles Regional Charitable Fund](#), businesses are joining forces and applying the concept of an EAF to support local charities in the community who have been impacted by a crisis or disaster.



Integrate with a giving, engagement, wellness, or CSR program, or develop a new initiative: Companies can empower their employees to donate to the EAF through their existing workplace giving program, or the EAF can be the cornerstone of a new workplace giving program. Likewise, an EAF can be added as a new component of an existing wellness or employee assistance program (EAP), or used to launch a new initiative, as the goal of an EAF is to reduce stress and anxiety caused by financial stress.



Support employees where they are: Your EAF program can support your employees wherever they may be - in your office or at home, in-person or remote, located in the US or internationally. [Like workplace giving](#), EAFs are easy to manage in a virtual or physically distant environment.

Of course, the biggest benefit comes to your employees. EAFs give them peace of mind that they will receive care and support when they need it most.

When you consider that [only about 2 in 5 Americans](#) say they have enough savings to cover a \$1,000 emergency room visit or car repair, that peace of mind is especially valuable.

And workers are incredibly grateful when they receive support from their employer or co-workers.

“I hope the people contributing to this know just how much this means to their workers. The fact that my company made this grant possible is amazing and like receiving a huge boost of support. Thank you so very much, you have brought tears to my eyes with this generosity and support. It means so much to an average worker who truly is appreciative.”

- EAF grant recipient



Choosing the Right Approach and Partner for Your Company

If your company is considering an EAF, your first step is to decide if you will administer everything in-house or if you will need to find a partner to help you properly set up and manage the fund.

Because of the complex and changing nature of Internal Revenue Service (IRS) rules – and an EAF’s required ongoing administration – many companies choose to work with a public charity, such as America’s Charities, that already has the infrastructure in place to manage these funds.

Key benefits of outsourcing your fund and working with a public charity include:



Financially Prudent:

Donations are tax-deductible and grants are tax-free when using America’s Charities to facilitate the program.



Mitigates Risk:

Provides anonymity to the applicant, protects your employees’ privacy, and manages the sensitive application review and appeals process, minimizing your risk and legal ramifications.



Reduces Overhead:

Eliminates the administrative burden required to successfully implement and manage an EAF program.



Easier Management:

Allows an objective third party to review applications, conduct necessary follow-up, approve grants or make recommendations, and serve as the point of contact to answer any questions that your employees have.

You can read more about the differences between outsourcing your EAF program versus running it in-house [here](#), or you can listen to an explanation from America’s Charities President and CEO Jim Starr [here](#).

Three Ways to Establish an EAF

1. Company Administered

- Grants treated as taxable income except for qualified disasters
- Donations to fund not tax deductible

2. Private Foundation

- Grants treated as taxable income except for qualified disasters
- Grant decisions can’t be made by individuals in senior management

3. Public Charity

- Most flexible – grants and donations are tax free for all instances
- Relieves administrative burden and provides employee confidentiality





EAF Partner Checklist:

As you assess potential partners for your EAF program, it's important to ask the following questions:

- ✓ What is the partner's nonprofit status?
- ✓ How much experience do they have managing EAF funds?
- ✓ What fees do they charge to administer the program?
- ✓ Do they have the capabilities to collect and distribute funds?
- ✓ How do they distribute funds (ACH or check)?
- ✓ What safeguards do they have to maintain data privacy?
- ✓ Are they set up to comply with all IRS regulations?
- ✓ Are they able to help international employees?
- ✓ Can they provide ongoing support to your employees?
- ✓ Do they provide your organization with a knowledgeable and accessible account manager, and a team of experts as support?

However, not all public charities are equipped to manage EAF programs. It is important to find a partner that has experience and a proven facilitation process.

America's Charities designs a company's program to meet its specific needs and goals as well as ensure that it complies with all IRS regulations. Our EAF solution:

- helps a company define its parameters and policies and think through ongoing funding;
- designs the employee application;
- provides a dedicated webpage for employees to apply for grants;
- provides materials to help you communicate about your program with employees and external stakeholders;
- reviews applications and documents of hardships and approves or declines based on your approved policies;
- interfaces with employees and provides ongoing support to approved applicants;
- issues grants to applicants via ACH or check; and
- provides the company with experienced account managers and full reporting.

Did you know?

39% of Americans can't cover a \$400 unexpected emergency expense, or would need to borrow or sell something to do so.

(Source: U.S. Federal Reserve Report on the Economic Well-Being of U.S. Households)



Six Questions to Consider When Structuring Your EAF

Every EAF program is different, but all EAF programs adhere to the same rules and must follow a detailed process.

As a result, it's important for your company to spend some time up front figuring out what you're looking to achieve with your program, how you plan to fund it, and what you'll need to do in order to manage it responsibly and by the book.

As you begin the process, take the following questions into consideration:



1. What is your goal?

While there are different ways to design an EAF, there are two categories America's Charities' team typically applies when structuring our clients' EAF programs.

Standard EAF Program

The first category is a standard program that aims to help employees when they face financial stress in the face of natural disaster, medical emergency, loss of income, accident, or the death of a loved one.

Some companies in this group might choose to limit the type of incidents that might be covered. Others choose to define a number of qualified events.

These programs are typically ongoing and are part of the company's larger CSR program.

Immediate Assistance Program

Some companies create short-term EAF programs in response to a disaster that impacts employees.

Such programs can only be created in response to federally-declared disasters, though employees who qualify for these funds often do not need to provide as much documentation of hardship as those who qualify under standard programs.

Since COVID-19 was classified as a federal disaster, many companies established short-term EAFs to help employees who are adversely impacted by the pandemic.

Did you know?



64% of adults say that money is a significant source of stress in their life.

(Source: American Psychological Association
www.apa.org/news/press/releases/stress/2020/report-october)





2. How will the EAF be funded?

Your company can choose to fund its program itself or provide employees and larger community the option of making individual donations to the fund.

You also have the option of creating a hybrid program in which both the company and employees/community are able to contribute to the fund.



3. Who will be eligible to receive funds?

IRS rules stipulate that employees are not able to automatically receive financial assistance through an EAF. In other words, they must meet certain requirements to qualify for funding.

Your company is also not allowed to earmark funds to specific individuals.

As a result, you must put objective benchmarks in place for employees to qualify – and create a process for applying and qualifying for funds.

To create the appropriate benchmarks, it helps to have some initial parameters in mind.

For example, will part time or seasonal employees be eligible or will your program only be available to full time staff? Will you set a specific service requirement, such as 90 days of employment, in order for employees to be eligible? Will you limit eligibility based on employees with certain titles, such as C-suite or above, or employees with a salary base of a particular amount?



4. What type of expenses are allowable?

Most companies put some guardrails in place to ensure that employees are applying the funds they receive to achieve an intended result.

Ideally, you want to fund recipients to have some flexibility to make decisions about how to use them while also ensuring that they are not abusing the fund's intent.



5. What is the maximum grant size?

Your company should also decide the maximum amount an employee can receive through your EAF program.

Some companies choose to set a flat amount for each grant. For example, a company with a qualified disaster immediate assistance program might give all employees who apply and are qualified for a grant to receive a payment of \$1,000.

Others set a grant maximum (e.g., up to \$5,000 per year) and determine the size of the grant award based on the employee's documented need.

When establishing your maximum grant size, keep in mind that the grant does not necessarily need to cover every expense the employee is facing as a result of the hardship.





6. How much money is needed to fund the EAF?

Your company should also attempt to create an estimated annual budget for your program that covers the EAF grants themselves, as well as the cost of administering the program.

The best process for establishing a grants budget includes calculating how many employees you expect to receive funds in a given year and multiplying it by the average grant amount you expect to provide.

Let's say your company has 10,000 employees, determines that fewer than one percent of those employees (0.75% in this example) will apply for funding next year, expects to approve about 85% of the applications, and expects to award an average grant of \$2,000.

Based on that calculation, you can expect to award \$127,500 in grants next year.



# of Employees	X	Application Rate	X	Approval Rate	X	Average Grant Amount	=	Annual Funding Estimate
↓		↓		↓		↓		
10,000	X	0.75% (approximately 75 out of 10,000 employees)	X	85% (about 63-64 of the 75 employees who applied)	X	\$2,000	=	\$127,500

Added to that total would be the cost of implementation and processing fees. Ideally, these fees should be based on the amount of activity and complexity associated with your fund rather than a straight percentage of the amount of funds that are being processed.

Keep in mind that you don't have to set your budget all on your own. An experienced partner such as America's Charities can help you estimate your funding levels based on your goals, the number of employees, and the likely size of your grant awards.

Did you know?

Just 39% of Americans say they have enough savings to cover a \$1,000 emergency room visit or car repair.

(Source: Bankrate <https://www.bankrate.com/banking/savings/financial-security-0118>)



Putting Your Communications Plan into Action

Once you have the parameters of your EAF program in place, you'll need to start spreading the word to your employees and stakeholders using a variety of internal and external communications methods as appropriate. A partner like America's Charities can share templates, guidance, and examples to help your company develop your own messaging.

Internal communications

For the initial program announcement, as well as for ongoing communications to employees once your EAF has rolled out, a number of tactics should be considered to ensure you're reaching all of your employees, including:

- sending a staff email that provides detailed information about the program, how and where to apply, and (if applicable) how they can contribute to the fund;
- posting an announcement on the employee web portal;
- including an article in the employee newsletter;
- hosting discussions about the program during staff meetings;
- scheduling an introductory webinar offering employees an opportunity to ask questions about the EAF; and
- sharing information about your EAF program with new employees during their onboarding.

External communications

It's likely that you'll also want to share the news with your external audiences – including customers, shareholders, and your community – so they know that you're supporting your employees through an EAF. If you are inviting the larger community to donate to an EAF, you may want to use the news media to help get the word out.

To do this, a number of tactics can be used effectively, such as:

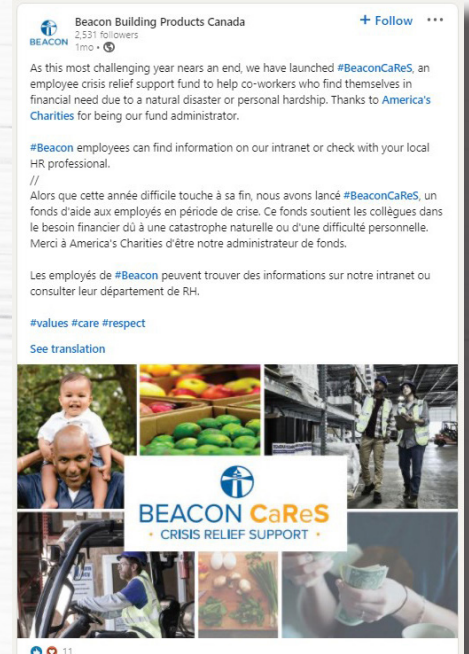
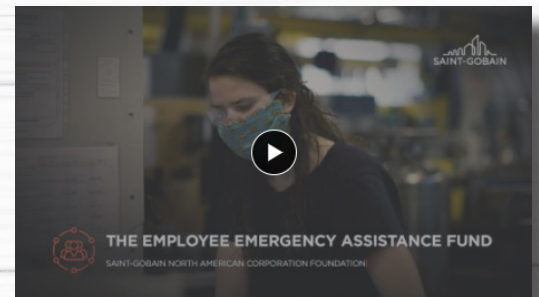
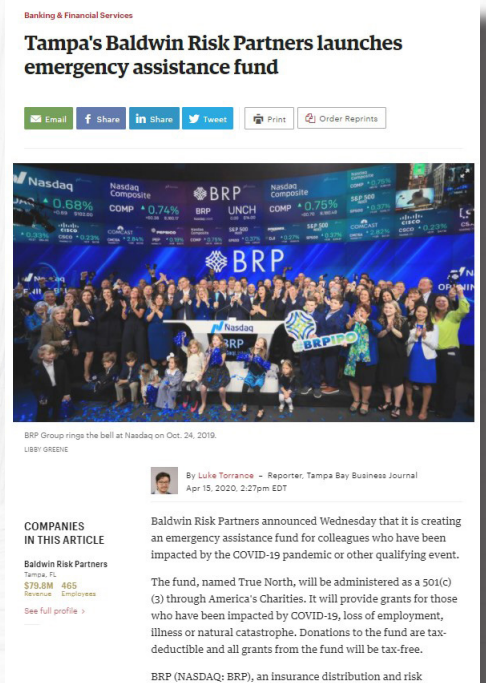
- news releases,
- videos and blog posts,
- social media, and
- items like statistics and stories about your EAF's impact and reach in corporate newsletters and annual reports.

America's Charities Clients Lead by Example:

Top Right: Baldwin Risk Partners used the media to spread news about the launch of their new EAF. [Click here to read.](#)

Middle Right: Saint-Gobain North America used a short video featuring messages from senior leadership to communicate with employees and the broader community why they started their EAF and how to participate. [Click here to watch.](#)

Bottom Right: Beacon used social media to announce the launch of its Beacon Cares Crisis Relief Support fund, informing employees (in English and French) where to go for more information about how to apply. [Click here to view their LinkedIn post.](#)



Evolving Your EAF

Many companies that launch EAF programs choose to start small.

They create their programs in response to a qualified federally declared disaster or crisis – such as COVID-19 – to provide immediate, short-term relief. Alternatively, they might choose to launch a pilot program with a limited scope to help assess employees' needs and their own capacity.

We've found that once companies have gotten a sense of how EAFs work and can see the impact EAFs have on their employees, they often want to expand.

This is especially true for companies that have created qualified disaster immediate assistance programs. In many cases, they decide to invest in developing an ongoing, standard EAF program to cover employees who have other needs.

The great news is that your EAF program can easily grow and evolve along with your company – and with the rest of your CSR, employee giving, and wellness programs.

Let's Get Started

As a public charity that has worked with more than 100 companies and is making more than \$16 million in grants to employees through EAFs, America's Charities is a great place to start. We pride ourselves on being able to help companies of all sizes and industries develop EAFs that align with their needs and budgets.

Contact your America's Charities' team at businessdevelopment@charities.org, call 703.674.5358, or visit www.charities.org/eaf to take the next step.

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