

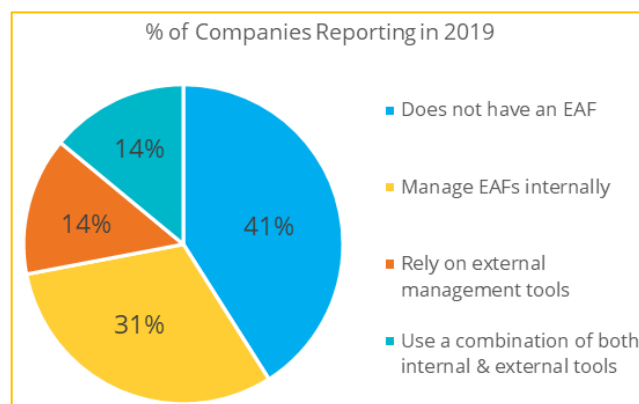
## Employee Assistance Funds (EAFs)

**CECP Overview:** Emergencies are unexpected by nature, and by ensuring employees are taken care of during times of individual crisis is beneficial to the entire organization. Employee Assistance Funds (EAFs), also known as Employee Relief Funds (ERFs) provide funds to corporate employees for hardships, which can include disaster, medical, or other circumstances that place an employee in need of financial assistance. Through having a set mechanism in place that allows employees to help themselves, and each other, an employer benefits from a supported workforce and morale.

### CECP INSIGHTS

Employee assistance funds are often created to help employees during periods of unexpected financial hardship (e.g., unexpected medical expenses, natural disasters). CECP's [2019 Giving in Numbers](#) Report cited how these funds are managed in-house or outside the organization.

In October 2018, CECP conducted a Pulse Survey asking our companies, *"In the last two years, has your company set up an employee assistance fund? These funds are often created to assist employees during periods of unexpected financial hardship (e.g. natural disasters)."* The results indicated that most companies (41%) had already had set up one more than two years ago. Other results were: No, but we are considering forming one (20%); Yes, we set one up in the last two years (20%); No, we do not have one, nor are we considering forming one (13%); and Don't know (6%).



Program Area	Growth Rate of Median Cash Giving by Program Area between 2016 and 2018
Disaster Relief (n=73)	69%
Community & Economic Development (n=85)	42%
Environment (n=72)	26%
Education: K-12 (n=86)	4%
Education: Higher (n=87)	2%
Health & Social Services (n=101)	-10%
Civic & Public Affairs (n=65)	-12%
Culture & Arts (n=86)	-14%

CECP expects more companies to create employee assistance funds in light of the ongoing situation with COVID-19. Some **best practices** activating EAFs to support employees:

- **Expand eligibility:** Remove minimum employment/tenure requirements
- **Increase accessibility:** create a weblink rather than an intranet; waive documentation requirements for smaller grants; accelerate payment.
- **Increase available funds:** Make corporate donations; allow employees to donate unused PTOs; run special drives.
- **Increase caps:** Allow for a larger grant amount.

CECP's [2019 Giving in Numbers](#) Report showed that **Disaster Relief showed the largest gains in the percentage of companies reporting them as their top-priority focus areas**. Disaster Relief also experienced the greatest increase in median cash giving from 2016 to 2018 with a growth rate of 69%, as shown in the accompanying chart.

## LANDSCAPE OF EMPLOYEE ASSISTANCE PROGRAMS- DELIVERY METHODS

According to the Society for Human Resource Management<sup>1</sup> (SHRM) there are a number of ways employers can administer and operate Employee Assistance Programs—ranging from controlling each aspect in-house, to outsourcing the entire program. The most common applicable EAP methods include:

1. Management-sponsored EAPs—common in larger organizations, this is an in-house program where EAP staff is employed by the organization
2. Fixed-fee Contracts: employers pay for additional services (counseling, referrals, training) for fees related to the number of employees.
3. Fee-for-Service Contracts: Employers pay the EAP provider directly when services are of need.

When considering an outside vendor, some important factors to consider include; years of service and experience, current client base, scope of services and operating locations, credentials and training. Although some larger organizations can facilitate EAPs in-house, the majority of organizations are outsourcing these services—62% (in some [reports](#), up to 77%) of employers noted outsourcing EAPs, making it the most commonly outsourced HR function. However, before outsourcing can occur, the HR and leadership team must decide upon criteria for selecting a vendor, program offerings and needs.

Furthermore, [SHRM](#) cited the International Foundation of Employee Benefit Plans, a nonprofit in the space. In their 2015 annual report, outsourcing HR functions was an increasingly common practice (with 77% of surveyed companies outsourcing their EAP). The most common reason cited for choosing a third-party vendor was:

### Direct Assistance from Employers

- A corporation may provide aid to an individual rather than funneling that money through a charity or government body. Sometimes, these payments receive tax benefits if they are proven qualified disaster relief payments made to victims of a qualified disaster or hardship. These payments are not qualified to income tax, self-employment tax or employment taxes.

## THIRD PARTY MANAGERS OF EMPLOYEE ASSISTANCE FUNDS

- [ComPsych](#): ComPsych serves over 35,000 organizations throughout the globe through offering a unique platform that integrates EAPs, behavioral health, wellness and absence management services. In addition, the organization offers knowledge management sources, such as this white paper, "[Choosing an EAP that Supports Organizational Goals.](#)"
- [E4E Relief](#): An organization that supports your efforts in caring for your employees through administering EAFs for companies. E4E helps design your organization's charitable response and fully facilitates the processes to create, implement and maintain the program. E4E works with a

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<sup>1</sup> "SHRM Online - Society for Human Resource Management." SHRM, 28 Mar. 2017, [www.shrm.org/pages/default.aspx](http://www.shrm.org/pages/default.aspx).

# CECP ISSUE BRIEF



Updated April 20, 2020. The latest version can be found by logging into MyCECP:  
<https://cecp.co/knowl/doc?d=employee-assistance-funds-eafs>

large range of clients, from mid-sized organizations to Fortune 500. [Marriott](#), [Wells Fargo](#), [Salesforce](#)

- [Employee Assistance Foundation](#): EAF is a 501c (3) charity that was created to operate employer-sponsored disaster relief, and employee-hardship funds. EAF provides the knowledge and experience to successfully design an Employee Relief Fund, with its core team consisting of experts in fund management, legal compliance and IRS requirements. EAF takes you through 6 simple steps to develop your own fund. Additionally, all programs are designed for grants to be tax-free.
  - A sampling of CECP affiliated organizations that work with Employee Assistance Foundation (click on company name for individual URLs): [Anthem](#), [CarMax](#), [Campbell's Soup](#), [Coca-Cola](#), [IKEA](#), [MasterCard](#), [McKesson Corporation](#), [Medtronic](#), [Nielsen](#), [NRG](#), [PayPal](#), and [Target](#).
- [ESI Group](#): ESI Group offers EAPs with a broad range of other integrated services to ensure your employees are covered for whatever issue they are facing. ESI also incorporates HR tools and needs, counseling support, life and wellness programs etc into their integrated solutions.
- [Resources for Living](#): This company has been contracted by various Fortune 500 companies to help develop their EAP programs—for example; [Aetna](#), [McKesson](#), [Walmart](#).
- [Shortlister](#): Shortlister recently published a summary list of the top 20 EAP Vendors as of October 2017—this list can be a great place to start your search into finding out which vendors are available to help. The list provided helps companies and clients choose the vendor that is right for them, based on program and management needs, desired outcomes and available finances/resources.
- [Sun Life Financial](#): Sun Life partners with ComPsych to offer a three-tiered program to provide confidential counseling and support services to help address employee issues, both personal and professional. The team offers three different options to best suit individual company needs and finances.
- [The U.S. Chamber of Commerce Foundation and America's Charities](#): These two groups are partnering to provide employers with the support they need to offer EAFs for their employees.

## ADDITIONAL RESOURCES

- [Raytheon Employee Disaster Relief Fund](#): Program is supervised and directed by a Selection Committee chosen by Raytheon and the California Community Foundation (CCF), a non-profit organization that maintains possession, receives and administers contributions to the Fund.
- [Benefits Administration: Should You Outsource or Manage In-House? As companies consider options, Health Care Reform may impact decisions](#)
- [New York Life Disaster Relief](#): The NYLIC Family Disaster Assistance Fund.
- [Few Companies Taking a L\(EAP\) of Faith](#)
- [Planned Giving Design Center report on Emergency Assistance Funds \(EAFs\) for Employee Hardship and Disaster Relief: Legal, Tax and Design Considerations](#)
- Additional examples of employee, community, and other relief funds for COVID-19:  
<https://cecp.co/knowl/doc?d=corporate-response-and-considerations-for-coronavirus-2020>.