Employee Disaster Funds

Providing the support your employees need when disaster strikes
The need for Employee Disaster Funds

Introduction

Climate-related disasters are increasing in severity and frequency. In 2017, we saw the highest number of floods, hurricanes and wildfires, with costs exceeding $300 billion nationally. In the wake of disasters, corporate responsibility professionals are often asked by senior leadership and employees, “How can we help?” And when a disaster impacts a company’s own employees, the desire to support fellow co-workers is even stronger.

What is an Employee Disaster Fund?

An Employee Disaster Fund (EDF) is an employer-sponsored charitable fund that helps employees impacted by a qualified disaster. It provides timely financial assistance covering incident-related expenses. By providing employees with the ability to help themselves and each other, employers also benefit by fostering a supportive and inclusive workforce.

Traditionally, employees have helped affected colleagues by ‘passing the hat’ or creating a ‘GoFundMe’ webpage. While they can be well-intentioned, these options have limitations, are unregulated, and are less versatile and effective than establishing an EDF. They can even be abused as vehicles for fraudulent fundraising activities.

<table>
<thead>
<tr>
<th>“Passing the hat” and online fundraising</th>
<th>Employee Disaster Fund</th>
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<tbody>
<tr>
<td>Grants are not tax deductible</td>
<td>Provides tax benefits to both the donor (tax receipt) and the recipient (tax free) and is designed to be fully compliant with IRS regulations</td>
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<td>Is inherently public</td>
<td>Provides confidentiality for the applicant</td>
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<td>Disbursement process is undisclosed</td>
<td>Grants award process is standardized</td>
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<td>Donations are based on social connections, which creates inconsistencies</td>
<td>Donations are based on agreed upon criteria, creating a more equitable approach</td>
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<td>Set up occurs post-disaster without advance planning</td>
<td>Allows pre-planning, set up and fundraising before a qualified disaster event occurs</td>
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<td>Increases company risk and may not comply with federal and state EEOC regulations and/or company HR policies</td>
<td>Reduces company risk and ensures compliance as an EDF program is compliant with IRS, and federal and state EEOC regulations</td>
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For definitive tax information and guidance, donors and recipients should consult with their tax advisors.
Employee Disaster Fund Process

**Pre-Disaster**

1. **Open a Fund**
2. **Develop Timeline and Deadlines**
3. **Develop Employee Application**
4. **Confirm Language in Correspondence and Payment Method(s)**
5. **Establish the Selection Committee**
6. **Raise Money for Fund** (PayPal button, matching gift, etc.)

**Post-Disaster**

1. **Disaster Strikes**
2. **Distribute Applications to Employees**
   - Within 15 days of receipt
3. **Review Applications**
4. **Selection Committee Approves Recommended Amounts**
   - 3-7 business days
5. **Employees Receive Grants**

Contact Silicon Valley Community Foundation to learn more about EDFs and other SVCF corporate services at donate@siliconvalleycf.org.
About Silicon Valley Community Foundation

Silicon Valley Community Foundation advances innovative philanthropic solutions to challenging problems. We engage donors and corporations from Silicon Valley, across the country and around the globe to make our region and world better for all. Our passion for helping people and organizations achieve their philanthropic dreams has created a global philanthropic enterprise committed to the belief that possibilities start here. Learn more at siliconvalleycf.org.

More Information

If you have questions, please contact us at donate@siliconvalleycf.org