

## **Employee Assistance Fund**

Socially minded employers have offered a range of corporate social responsibility (CSR) programs for decades, traditionally focusing their efforts outward to help the communities in which they live and work. The current employee's situation with housing and other living issues showed that employees needed help.

### **Creating Employee Assistance Fund**

Employees in University can apply to Employee Assistance Fund (EAF), created at Khazar University to help people navigate difficult circumstances. An EAF provides qualified employees a grant to help them cover an expense and cope with unexpected financial stress related to the housing or other problems.

Generally, employer contributions or a small group of donors fund private foundations. Such foundations are subject to state rules that restrict how foundations can use their assets. If the foundation is carefully drafted and complies with the governing rules, then payments to impacted employees might not be taxable as income. Depending on an employer's objective, sponsoring a private foundation may be appropriate.

Recipients of financial assistance must be selected based on a determination of need, and the selection of recipients needs to be made in a manner that ensures any benefit to the employer is incidental and tenuous. Khazar University guidance indicates this requirement may be met if a majority of the selection committee consists of individuals who are not in a position to exercise substantial influence over the employer's affairs. Note that "disqualified persons" of the foundation, such as directors, trustees, and officers of the foundation, or members of the foundation's selection committee, cannot receive financial assistance from the foundation.

By creating an EAF, Khazar University can help your employees navigate tough times and demonstrate your commitment to responsible corporate citizenship.

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, Khazar University's Charities also empowers employers to easily integrate EAFs with their other CSR programs and achieve even more social good.

### **Employee Gifts**

Employee gifting programs represent a less formal approach to helping employees in need. Such gifts serve as an alternative to establishing a charitable entity or foundation. Under this approach, employees may make donations to a designated fund or account administered by the employer. The employer then distributes these gifts to eligible employees. The value of gifts received under the program might escape taxation if handled properly, although the donating employees likely will not be entitled to a charitable deduction.