

CAF America Partners with E4E to Provide Cross-Border Employee Assistance

Host: Ted Hart

Guest: Holly Welch Stubbing – E4E Relief

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After the show, you can find all our podcasts at cafamerica.org, on iTunes, and now, just say, "Alexa, play C-A-F America on TuneIn." Now, welcome the host of CAF America's *Caring And Funding Podcast*, Ted Hart.

Ted Hart: Welcome to this latest edition of the *Caring And Funding Podcast*. With me here today is Holly Welch Stubbing, who is a nationally recognized nonprofit leader and charitable tax expert, advising business impact in investments in social enterprise. She serves as Executive Vice President and In-House Counsel for the very important Foundation for the Carolinas. She is also currently serving as interim CEO of E4E Relief, the leading provider of employee disaster and hardship relief funds to corporations across the United States. Welcome here to the *Caring And Funding Podcast*, Holly Stubbing.

Holly Welch Stubbing: Thank you so much for having me. I'm really pleased to be here today.

Ted: Holly, our topic here today, and again, we've invited you here today because you are an expert in employee disaster and hardship relief funds. Following September 11th, the IRS completely changed the process through which employers can help support their employees when they find themselves to be at times of disaster or in hardship relief. Help us understand what happened at that time and what the IRS changed.

Holly: Great. I'm happy to share that story with you, as a formative time for disaster relief in this country and outside this country, and really is the starting for delving deeply into grantmaking to individuals. That 9/11, our foundation, which is in North Carolina, had significant impact from employees that lost their lives in the 9/11 tragedy. C-Suite executives in the city wanted to find a way to support families and individuals who had lost their lives. Stepping back from that, there really was not a pathway prior to 9/11.

The IRS legislators had to step forward and said, "How can we create an environment to help support people in these catastrophic and otherwise personal hardship events?" Employee relief was born out of that concept. We were able to set up funds, employee relief funds, for the

benefit of employees of corporations who wanted to have a way to help their people. We learned a lot of best practices during that time about how to do employee relief and how to do it well.

Ted: Now, of course, Holly, employers could just give money to their employees. The issue there is then they're creating a taxable event for their employees who are already dealing with disaster and hardship. Really, a well-caring, well-managed corporation that truly wants to help their employees really doesn't want to then create the extra burden of additional tax that they owe to the IRS.

My understanding is the IRS creates this new process through which qualified disaster payments and hardship payments can be made to employees, but it has to be done just right, Holly. You can't just declare it and say, "I'm doing this," and transfer the money. You have to follow certain rules. I want to share with you some of what I learned from the IRS, and then have you help us understand how E4E Relief has now made a very complex process, a simple process for employers to do the right thing for their employees. My understanding is that there has to be a charitable class. There has to be a class of beneficiaries that is large and indefinite, in that you can't say, "I want to give money to that employee," but instead, you create a class.

The recipients are then selected on an objective basis. That's, again, where your organization comes in, to make sure that this can't be a bias program. If you're going to make it available to your employees, all your employees must be impartial. There has to be a selection process of an independent selection committee or adequate program that is in place that, again, provides for that impartiality.

Having met that process, and this is the crux of what we really want to talk about today is that, again, well-managed organizations, they want to do the right thing for their employees at a time of, let's call it maximum stress. You've got hardship, you have a disaster. By setting it up correctly, which we want to talk about on this podcast today, what happens? The gifts that are made are then treated for charitable purposes. They don't become a taxable event for the employee. All of this has to be done in advance of the tragedy or the loss.

For all of our listeners today, now is the time to begin exploring this. You don't want to be trying to put all of this together when there is a disaster, because you want to make sure that every T is crossed, every I is dotted, to make sure that this is done right. Let's break this down. The first thing that your organization E4E Relief is going to do for an employer is to help them identify what is the class of beneficiaries. Walk us through how that conversation normally is going to take place.

Holly: Sure. We, in the beginning, we help companies design their programs, design their eligibility requirements, talk about legal structure for the program. One of the things that's really important that you referenced earlier is a qualified disaster, a presidentially qualified disaster, versus a regular government declared, versus just a personal disaster. What the idea of this fund or this program does for a company is allow all three of those things to be eligible recipients from a tax-exempt or tax-qualifying event perspective.

That's very important because a corporate private foundation can award some grants in a qualified disaster but cannot award others. What you find is that employers get into the parsing of these things, and it becomes a very arduous process for them to determine which ones they can and can't do. This program and the design of the program, if done correctly from an eligibility perspective, will allow them to make grants in all of those instances and meet all the requirements of the Internal Revenue Service.

Ted: Having a qualified program of this sort that's pre-established and put in place with E4E Relief takes away that guesswork of maybe it's tax-exempt, maybe it's not tax exempt, maybe we called it right, maybe we didn't call it right. The corporations that are listening today need to understand that if it doesn't qualify, it could be seen as potential self-dealing for your foundation if the rules weren't followed correctly.

Again, back to setting it up in advance, having the program in place, so the second part of this is that objective selection process. Talk to us about, A, why that's important, and B, how would you do that?

Holly: Great. The objective determination of me determining whether there was a qualifying event and determining what happened to you and what qualifying expenses you have, is our expertise. It's is what we've built our systems, our technology, our know-how around looking at each individual case as the IRS requires in determining on an objective basis what the application process should be, and how that decisioning should work, and then thusly, how the disbursement should happen.

All of those things are included in the disaster relief publications the IRS produces and is essentially best practice for working in this industry if you want to be an impartial third-party provider in doing it. One of the things I would say, going back to your earlier point about readiness, not only do we need to be thinking about our qualifications and the legal ramifications, but we also need to think about, as a company, the C-Suite being ready to protect its most important asset, and that's its employee, when something happens.

What you find is that large global companies, midsize companies, small companies, all have business continuity and disaster plans to protect their physical assets and to keep their businesses running. Often what keeps their businesses running are people, and those people are your readiness plan in this employee relief context to the extent that you can get it set up early, and meet these eligibility requirements you're referring to and get through all that, you will be ready when the next thing happens

Ted: Exactly. You mentioned an IRS document there. For those of you who are listening and want to look at some independent documentation on this, the IRS has put out a document entitled Disaster Relief, Providing Assistance Through Charitable Organizations. That's a great read of preparing for our conversation with E4E Relief.

Let's now turn our attention to what is E4E Relief, because as this document from the IRS that I'm referencing here speaks to, is you are a charitable organization. One of the reasons that

you're able to do this is because you are a charitable organization. Tell us about E4E Relief. What is it? How have you developed the expertise that allows you to help corporations prepare for this relief?

Holly: Great. Well, E4E Relief is a nonprofit organization that provides humanitarian assistance to corporate employees and others around the world. We are providing grants for a variety of things, but mostly qualified disasters and personal hardship. We have provided nearly 60 million in grants in the last 10 years. We've taken in some close to 70 million in gifts, in that same timeframe. That has manifested itself in tens of thousands of grants to employees.

Right now, we have nearly two million employees that we are serving, if you will, in this capacity, and 50 companies that we're doing this for all across the board in terms of size, some are small companies, some mid-size, and some very large companies, global companies. That's why the relationship with CAF America is so important to us.

Ted: We do want to talk about the expertise that CAF America brings to this picture. In a traditional sense, you might view this as a very US-centric activity. However, many corporations have employees around the world, and disasters of this sort are not just focused on US employees with US disasters. Talk to us about what you're seeing as the trend in the marketplace, where more and more employers are coming to you and saying, "We're not looking to just provide support to our employees in the United States, but we care about our employees around the world as well." How does that work? What brought you to CAF America?

Holly: This is a US-centered philanthropy idea that typically headquartered US headquartered companies, but their global firms are really embracing. The reason they're expanding their footprint accordingly is because they want to support all of their team members. They see their team members outside the United States the same way they see those in the United States. Also, in the environment we're in, particularly with millennials and their interest in philanthropy, this idea of peer-to-peer support is incredibly important in the workplace. This idea of the employee relief fund combined on-trend philanthropy item in the sense there's peer-to-peer support and fundraising, and then they're best in class on the way out the door in terms of grantmaking.

Also, as climate change happens in our society and in our world, we see the C-Suite saying, "Gee. These climate events are really impacting our people in different ways than they used to 20 years ago". This seems like a component that may be a necessary part of thinking of the totality of an employee benefit, not a benefit under the Internal Revenue Service, but it is the idea of employee engagement, and peer-to-peer fundraising. Philanthropy is a way of getting people back to work feeling good about each other, working together to solve a problem, all those things that employers love to do with their employees.

Ted: In a lot of ways, this kind of program should be stacking up for C-Suite folks alongside every other kind of insurance program that you have in place. You have those programs in place so that you have the coverage that you need when you need it. You pre-fund those programs so that when it happens, you're not scrambling to try to do things on your own, you have experts

who are immediately able to then swing into action.

Talk to us just about the insurance factor of corporations that are listening to this podcast, who have been thinking about doing this work. Why is it important to contact you now?

Holly: This is just an incredibly important time to think about this, because what's happening is that employee relief pulls together your CSR team, your HR team, your talent from your community affairs, and puts it all together and says, "Gee. This is solving a variety of things for our company. We're not only giving our employees a way to engage with one another during a disaster, but we are, in fact, helping the human resources department with an impartial third-party solution that gets them additional capacity, and answers a lot of the questions that have come up for them in the process."

As far as the readiness aspect of it and the "insurance piece of it", I think what you find if you talk to HR leaders is that they face just a variety of issues with their employees around hardships, everything from the house burning down, to the cancer victim, to the catastrophic disaster like 9/11 or some major hurricane like Hurricane Sandy. Then they find themselves in the middle of these situations in a way that I don't think the company necessarily anticipated.

This offers an opportunity for them to have a ready-made solution that's turnkey, that is already established, and flows through in a way that meets all the best in class requirements of corporate America right now in confidentiality, data privacy, mobile-enabled, all those things. If you're standing in four feet of water, or you're standing in front of your house that's been taken down by a tornado, that there is a compassionate company behind you, giving you a relatively quick, as quick as possible under IRS reg solution that meets your needs.

Ted: Meets where you are.

Holly: It meets you where you are.

Ted: You might not be able to get to a fax machine, you might not be able to get to your desktop, but from your mobile system. You need a partner that has the systems that are going to work in all sorts of disaster situations.

The other thing I want to before we're going to take a quick break-- before we go on break, I just want you to speak to this issue that there is a compassionate side to this, there is being the nice guys and the nice women in the C-suite that you're doing this. There's a hard-nosed business reason to do this and to plan ahead, and that is your talent that you have been investing in and you have been training is now no longer going to be available to your corporation. Doing this, doing this early, and making sure that this is in place is also a hard-nosed business decision to help your people get back on their feet and get back to work.

Holly: That's correct.

Ted: There's two sides to this coin. Is that right?

Holly: That's right. We know from recent research on employee release, the first of its kind research released this year, that workers report that they are grateful and relieved, they're more connected to their employer and to each other, they're better able to maintain financial health, and they have positive impacts on job performance. In fact, 72% of those surveyed said that they're more likely to stay at the company because of this kind of program.

Ted: Every employer knows it's far more expensive to go find a new employee, employee that you have to train and orient than to have someone who is seasoned and trained and is ready to do the job. That, Holly, is what this program is about. We're going to take a very quick break and we'll be right back.

Announcer: Remember, our podcasts and archives are on always available 24 hours a day at cafamerica.org, on iTunes, or just say, "Alexa, play C-A-F America on TuneIn." Now, back to the *Caring And Funding Podcast*, and our host, Ted Hart.

Ted: We're back here on the *Caring And Funding Podcast*. With me today is Holly Stubbing who is serving as the interim CEO of a very important organization, E4E Relief. Holly, you've been helping us understand the historical context, the business case that is made for supporting your employees. We talked just briefly about this partnership with CAF America.

I want to go into that a little bit more because E4E Relief has all the systems, the data privacy, the ability to provide the support to employees of all sizes of employers. We just talked briefly about taking this beyond the borders of the United States and being able to disperse legally funds around the world and that's what CAF America is bringing. How is CAF America helping you expand the reach for corporations that already have an expanded reach?

Holly: CAF America is central to our strategy to be able to offer relief outside the United States. We came to CAF America because of your know-how and expertise in working with corporate America in particular, but also your other audiences high-net worth individuals and others in awarding grants outside the US. Given the legal and regulatory environments, all the IRS criteria, we wanted to be best in class in working with the corporations that we work with and do this the right way. We felt like this would extend our reach faster, better.

Really, because we are in the same audience, we share the same client base, if you will, there was a nice synergy there as well because we both understand the audience we're serving in a very intimate way.

Ted: This is one of the things that really impresses us with E4E Relief and I think it's a reason that you do so well with corporations is that this is truly an enterprise-level system. This is a corporate-ready system. There are some that provides this kind of system. It's almost trying to baling twine and chewing gum to pull it together at the time of release. That's not what a corporation wants. The corporation wants their employees to be communicated with appropriately on a secure system and to not have that data compromised. That complex to do that and to maintain that, talk to us a little bit about what it is taken for E4E Relief to literally become best in class.

Holly: Thank you for asking about that. It's been a real journey for us to work with the largest companies out there who deeply care about the space. I would say that their interest in us, their ability to come in and consult and look at our systems has made us better at what we do and has made us best in class. I don't think we would have gotten there without them. I'm not going to mention names of companies, but they are some of the largest companies in the world who have the highest regulatory environments that they're dealing with and those flows through to their charitable partners and to their vendors and we are one of those.

What we find is that they take a look at our systems, they take a look at our policies, our people, our procedures, our physical space, everything you can imagine to try and make sure that their employees' information and their process and their experience is the best they can be. E4E Relief has spent the last year investing really more like 18 months to two years, investing in a new system to dramatically shift and change and improve the employee experience, to recognize some of these unique things about being investor, about addressing a person's issues when they're standing in water, when they've lost everything.

There's an emotional component, there is a physical reality. One of the things that happened with Puerto Rico, for example, was that no one had internet access, no one had cash. We had thousands of people in Puerto Rico that we were covering. We were nimble, we created a separate disaster command center with 15 bilingual speakers, we set up dedicated Puerto Rico lines, all of those things allowed us to take grants over the phone. We found creative ways to pay, we ended up paying through Western Union, through cash advance because that was the only-- banks were out of money. That's an example of being small enough and nimble enough to be able to adjust to a disaster.

Ted: Then really have to know your stuff to even be able to think about, "Okay. This is a disaster," and no two disasters are exactly-- Right?

Holly: They're not.

Ted: Every single time that you're called upon by corporations that have had the foresight to put this kind of insurance policy in place to meet the needs of their employees when they are at their most needy, because you're talking about disaster and hardship, and they are most stressed and they need a friend, employers would like to think that they're friendly and would like to have a friendly, smiling face. The reality is they also need that employee to get back to work so that their corporation can run effectively. That creates the perfect match for a kind of system that says, "We're the insurance policy that's there for you and your employees when you need us most."

Holly: That's exactly right. That's really what we set out to do is to create almost a mutual fund model, if you will, of relief programs to allow for that same best in class thinking to be applied as many times or as much as possible across that whole set. Recognizing that each disaster may require some adaptation and improvisation and may require, like Puerto Rico, some thinking on the spot to get people what they need. The corporations are giving us the flexibility to do that, which I think because they themselves have had to deal with these things.

They're going into sites, they're flying to sites, they're seeing that their bank branches totally gone. Their factory is no longer working and they're seeing it all. This idea of being able to be ready-to-go and have all those best in class things, but be flexible enough to respond is really what it takes to be in the field.

Ted: Again, you're talking about the essence of an insurance policy that allows you to do the right thing exactly when you need to do it. We only have a few minutes left here on this particular podcast but there's an added benefit. All the things that we've been talking about here, there's an additional benefit, and I don't want to call out Millennials and say that they're the only ones who care. Certainly, we are all aware of the very special energy that younger people bring to the marketplace to bring to an employer. Oftentimes that does have the face of helping each other and wanting and caring about your fellow employee.

Once you set this program up, one of the additional benefits is that one employee can make a contribution to the fund, knowing that they're going to support their fellow employees. That's a charitable deduction for that employee or a tax received, contribution as well. Talk to us about so you've done all the right things as a corporation, you put that insurance policy in place so that when there's a disaster, you've got best in class enterprise-level services available, but at the same time, every single one of your employees can also participate. Tell us how to do that.

Holly: One of the key things of setting up these programs is determining and modeling out how much you really need to make them effective. Thinking about your fundraising strategy, E4E Relief comes to the table with substantial fundraising experience. Helping a company design a fundraising program that is attractive to its employees and to those people that this resonates with whether they be Millennial or whether they be anyone else.

Ted: A little bit more seasoned maybe.

Holly: What I would say is that there are real people behind each of these stories. The partnership with CAF America and in the program itself offers a way for colleagues to support colleagues, for CEOs to support line workers, for line workers to support other line workers. It is to say--

Ted: For the corporation to support everyone.

Holly: That's right. It furthers the reach of the company. I would go far as saying it furthers the reach of E4E Relief and CAF America because it allows us to be in a space and continue to provide humanitarian aid across the world in a way that satisfies the people that we work with every day.

Ted: Holly, I cannot thank you enough for bringing this program to our podcast, helping people understand something that is very complex but absolutely possible, something that is so easy

to get wrong, but so easy and working with E4E Relief to get right. As we wrap up this podcast, please share with our listeners how they can reach you and E4E Relief if they're interested in this kind of program.

Holly: Great. You could visit our website at e4erelief.org and it shares in-depth how to design a program and how to reach our team and talk to us about opening a program. We would love to speak--

Ted: Holly, when you say E4E Relief, that the letter E, with number 4, the letter E, relief--

Holly: relief.org. You may also call our office at 7049-7340-500. We would love to speak to you about it.

Ted: We have been here with Holly Stubbing, a nationally recognized expert and the interim CEO for E4E Relief, partner with CAF America now providing both domestic and global services for employers who are looking to provide employee disaster and hardship relief. This has been the *Caring And Funding Podcast*.

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