



EMERGENCY RESPONSE BENEFITS

UNIVERSAL BENEFIT ACCOUNT®

Employee Crisis Fund Account: Inside a 501(c)(3)

What is the Employee Benefit?

Employers create a fund where employees, or the employer themselves, can donate money to other employees struck by a personal hardship or crisis. This version of the Crisis Fund Account is tax-advantaged (IRS restrictions apply) in which all funds out of the account are tax-free and all funds contributed into the account are eligible for a tax deduction. Per Section 139 of the Internal Revenue Code (IRC) and the federal declaration of a state of emergency, all funds granted to an employee as a result of a pandemic or personal hardship are tax-exempt.



Employees apply to receive grant monies from their employer through the Crisis Fund Account. If approved, the employer initiates disbursement of those funds to the employee to be used for personal purchases.

Things to Know:

Plan Design	Employers determine who gets the funds, how much, and when. There are guidelines to follow in the tax code in setting the criteria to qualify for grants, such as how much to grant, and what qualifies as a personal hardship.
Eligible Expenses	For a tax-advantaged account , the grant must fit the definition of a crisis or hardship according to the IRC, Section 139, to receive tax-exempt status. The employer must define the qualifying events that need to occur for an employee to request funds and determine types of expense that can be covered. These expenses must be reasonable and necessary and can include personal, family, living, or funeral expenses incurred as a result of a qualified disaster but cannot be otherwise compensated for by insurance or another source. Typically, once the funds are disbursed, the employer does not restrict the expenses allowing the recipient to use the funds for any qualifying expense deemed necessary.
Limits	Employers can set any limit they want for the plan year such as a maximum amount that can be reimbursed to an employee for the year.
Eligibility Requirements	Any employee is eligible to participate and apply to receive a grant from the crisis fund.
Funding	Employer and employee funded
Enrollment	Employees can be enrolled at any time by the employer upon approving an employee for a grant.
Disbursements	Once an employee's application is approved and funds granted, the employee will receive funds in their crisis account to be used for any type of qualified purchase or expense.
Tax Benefit	No federal tax implications to the employee or the employer if the grant fits the definition of a crisis or hardship in the Internal Revenue Code.

Additional Resources

We want to help! You don't need to be a TASC customer to call our hotline or download our helpful documents.

General questions on this benefit	Want to administer this account yourself	Want guidance for your benefits TPA?	Want to have TASC handle this benefit for you?
<p>Call our Special Forces COVID-19 hotline:  Call 1-833-433-1002</p>	<p>Download our helpful How-To document: Get Started.</p>	<p>Share our How-To document with your administrator: Get Started.</p>	<p>Contact us to do all or part of this work effort for you:  1-888-595-2261, or Get Started.</p>



Why TASC?

For more than 40 years, TASC has been a leader, an innovator, and a partner of employers committed to ensuring the health, wealth and well-being of their employees and their employees' families and community. TASC was a pioneer in assisting sole-proprietor farmers and small businesses save billions in tax dollars through the adoption of health reimbursement plans; challenging many ill-informed IRS auditors, accountants, and naysayers along the way. TASC, through FlexSystem, brought the idea of a Cafeteria Plans to large and small businesses; challenging the notion that such plans were burdensome, complicated and difficult to administer.

There from the beginning of Section 125, TASC has brought its knowledge and expertise forward with the idea that together we can improve lives of many, strengthen our communities, and make benefits feel like benefits. TASC understands that each employers circumstance is different. TASC offers its guidance based upon the wealth of its experience as an employer and as a benefits administrator. It is not legal or tax advice and should not be taken as such but is offered to prompt knowledgeable inquiry of your plan professionals and provoke thoughtful plan decision making.