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## **CROWDFUNDING / FUNDRAISING ADVISORY FOR REFUGEES**

Over the past few years, the opportunity to raise funds quickly to support causes or people in need has moved online. Crowdfunding sites like GoFundMe, DonorsChoose, IndieGogo, and Crowdrise (among others) have made the process of raising money so easy with donations being able to arrive within minutes of signing up. The broad awareness and overwhelming funds generated through these platforms is intended to support people in distress. Unfortunately, money raised on these platforms can actually hurt—not help—the intended, vulnerable beneficiaries and make their lives more difficult if proper planning does not happen beforehand. Nowhere is this more apparent than raising funds for refugees (or other people receiving means-tested public benefits).

The United States is unique in how our refugee resettlement system operates. Unlike other nations, the United States provides very limited assistance to a refugee during the resettlement process and this is mainly through finite, but critical public assistance like health insurance for up to a few years. The good news is that every refugee works with an established, 501(c)(3) resettlement agency that understands the characteristics of the population group it is resettling and provides an array of resources for these vulnerable individuals to succeed.

Once a person arrives in the United States as a refugee, s/he is eligible for an array of federal benefits, such as short-term cash assistance, food assistance, and Medicaid to be utilized during the initial resettlement process. These critical benefits facilitate an easier transition for the majority of vulnerable refugees while they are learning English, gaining vocational skills, and overall, becoming acculturated to life in the United States. As the resettled refugee begins to gain independence and earn more income, s/he transitions from this safety net because the benefits were based on available income and assets.

When a crowdfunding campaign raises money for a refugee online without his/her permission OR without adequate controls on who has access to those funds, this can jeopardize current and future benefit eligibility for the recently-resettled refugee family. Funds will be considered available income or assets if no planning is made ahead of time.

This advisory's goal is to assist both organizations working with refugees and individuals looking to raise funds for refugees in preserving benefits eligibility and limiting financial consequences. The following page has advice and information for nonprofits working with refugees and individuals raising money on their behalf.



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### NONPROFITS WORKING WITH REFUGEES

- In Michigan, be aware of asset limits when they apply:
  - \$5,000 for food stamps (with exceptions for exempt items, like a vehicle or house)
  - \$2,000 for SSI (individually); \$3,000 for SSI (as a couple)
  - \$3,000 for RMA (Refugee Medical Assistance)
  - If a refugee does not qualify for RMA because s/he is over-asset, know that there are other health insurance options. For example, there are no asset limits for Healthy Michigan or private plans available through the federal healthcare exchange.
- In Michigan, an infusion of income, even for one month, can make someone income-eligible for benefits for that month
- Funds that funnel through a refugee's hands (or bank account) can be considered income or assets for public benefits eligibility, even if this is a one-time transfer.
- Spent or divested assets can create problems in the future for benefits eligibility, too.

### INDIVIDUALS

- Only donations made to 501(c)(3) nonprofits are tax-deductible. Contributions made directly to an individual or for the benefit of an individual outside of a 501(c)(3) nonprofit are not tax-deductible.
- Consider making a donation to the resettlement agency directly or another, established 501(c)(3) that serves refugees to limit the possibility of negatively-affecting public benefits eligibility for the beneficiary and his/her family. Almost every refugee resettlement agency and nonprofit that works with refugees has a volunteer department that can provide a wish list of needed items or can discuss ways to support refugee resettlement
- Speak with the intended beneficiary and/or the resettlement agency ahead of time before establishing a crowdfunding page to better understand the refugee's needs
- If you do create a crowdfunding page, carefully review the terms of service to determine who has access to the funds, when, and the methods for disbursing the money raised
- Consider the potential tax consequences to you and/or the intended beneficiary before setting up a crowdfunding page
- Again, pause to think through the above before fundraising directly for an individual refugee family

If you have questions or concerns, please call our office directly at (734) 239-6863

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