



Relocation 101: The Ultimate Guide to Smart Relocation Policy

Introduction to Relocation FAQ

What is employee relocation? | Employee relocation services encompass a range of business processes required to transfer employees, their families, and/or entire departments of a business to a new location.

Why do companies relocate their employees? | Relocation services allow the employer to source top talent from around the world and, with expectations for remote work options on the rise, give employees and their families the freedom to move out of the headquartered city and pursue their desired lifestyle.

What departments are in charge of employee relocation? | Like other types of employee benefits, these processes are usually administered by Human Resources specialists within a corporation and outsourced to different types of service providers.

Are relocation companies the same as moving companies? | Contrary to a common misconception, relocation services are not synonymous with [moving companies](#), as moving companies do not plan and manage the full scope of relocation services. While moving companies focus primarily on the logistics of moving household goods from point A to B (packing, loading/unloading, transportation, storage), relocation services serve to support the relocating employee and promote a successful transition—i.e. arranging necessary documents, finding accommodations, finding a school for children or a job for the partner, introducing their family to the local culture, etc.

While relocation services cover all other activities related to the relocation.

GUIDE OVERVIEW

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PLAYERS—Who is Involved in a Typical Relocation?

In an employee relocation, there's a wide variety of moving parts. The major players involved are the transferee or relocating employee, obviously, the corporate company relocating them, and the relocation management firm.

The relocation management company is in charge of handling all of the logistics of a relocation, outsourcing a wide variety of services to third-party providers, including:

- Moving Companies
- Real Estate Companies
- Destination Services
- Mortgage Companies
- Home Inspectors
- Property Management
- Temporary Accommodations
- Legal Networks
- Tax Consulting
- Intercultural Training
- Visa and Immigration
- Furniture Rental
- Pet Transportation
- Appraisers

RELOCATION ASSIGNMENT—What Types of Relocation are There?

There are a variety of factors that can influence the cost of a relocation package, such as an employee's living situation or job level. However, with an understanding of the relocation assignment, i.e. type, length and location of the relocation, you can begin to build a baseline budget.



ASSIGNMENT TYPE | Permanent vs. rotational vs. temporary



ASSIGNMENT LENGTH | Short-term vs. long-term



ASSIGNMENT LOCATION | Domestic vs. international



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Domestic Relocation | Short-term / Long-term / Permanent / Rotational

When relocating an employee domestically, there are usually a few different classifications. You might be relocating an employee for an internship, permanent position, or rotational employee relocation program. The differences between these relocations can impact taxes and the relocation benefits employees might receive.

International Relocation | Overseas / Cross-Border

International employee relocation requires logistical, cultural, governmental, and planning know-how outside of the logistical knowledge needed when moving an employee domestically. Additionally, there is often still a lot of support needed following the physical move.

Check out our [*Essential Guide to International Relocation*](#)

PACKAGES—What Are My Options for Relocation Policies?

When it comes to employee relocation, there isn't a "one size fits all" approach. The four main packages used either in-house or by a third-party specialist are:

FULL-SERVICE PACKAGES:

- **Tiered Approach**
Tiered packages are matched to the employee, their job level and their circumstances.
- **Core/Flex**
This approach covers a number of core benefits/services and gives companies the option to add flex benefits via lump sums as needed.

SELF-SERVICE PACKAGES:

- **Lump Sum**
In lump sum packages, a fixed amount is provided upfront to an employee for their move and they get to keep any cash left over.
- **Reimbursement**
Through a reimbursement policy, employees are eligible to have their relocation expenses reimbursed under various terms and conditions.

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POLICY GOALS—Why Do I Need a Relocation Policy?

It's important to build or select a policy that aligns with company priorities and goals.

For example, [Lump Sum Programs](#), having been around since the 1980s, are waning in popularity. More companies are realizing that they are, in effect, turning a new hire or existing employee into a buyer, which can lead to bad buying decisions and poor relocation experiences.

Similarly, Reimbursement Programs, effectively, turn new hires and existing employees into bankers, often causing financial stress and resulting in the selection of cheap, low-quality moving providers. Scenarios like this pose [potential headaches](#) for companies.

We always recommend that our clients develop their own corporate relocation policy based on their goals and budget.

Want to understand more about how companies are prioritizing their employee relocation programs? [Download our latest Relocation Research Study](#)

What is the Cost of a Household Goods Move?

[The household goods move](#) is the physical movement of the employee and dependents' personal items and effects from the old home to the new location.

In pricing out a household goods move, professional moving companies typically require a detailed understanding of each person's move before they can provide a quote and are often very complex.

The primary cost drivers for a household goods move are distance and weight which determines the "linehaul charge." However, there are also other [fees and charges](#) that can apply depending on what is required of the movers to complete the move, complexities unique to a move's location, etc.

Do you know if you are paying too much to move your employees? [Click here](#) to sign up for a free invoice review and cost analysis or learn more in our [Understanding the Costs and Fees of Your Household Goods Moves](#) guide.

Will Policy Exceptions be Considered?

—If so, how will they be managed?

For every benefit that's offered, there's a potential exception based on an individual's unique circumstances and needs. And, due to amplified supply chain issues and inflation resulting from national and global crises, moving costs are at an all-time high.

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Additionally, you can't get a fixed price for most items and services these days related to a typical relocation i.e. rental homes, storage, rental cars, household goods, travel, etc.

As a result, we recommend that both companies and employees plan upcoming relocations as far in advance as possible and be flexible in budgeting.

Check out our [Tips for Navigating Policy Changes](#)

What Tax Considerations are Needed for a Relocation Policy?

Should your company choose to offer taxable relocation benefits to employees, companies may consider grossing up the amount paid to cover these tax liabilities.

For lump sum packages, our [Lump Sum Calculator](#) can help you determine the grossed-up amount by state and income level as well as possible federal tax liabilities.

What Else Should I Consider When Developing a Relocation Policy?

- Industry benchmarking
- Preliminary list of policy components
- Corporate approval
- Implementation considerations
- Transferee feedback
- Corporate culture

ASK YOURSELF:

What am I hoping to achieve?



Cost-containment



Program improvement



Upgrade employee benefits

What's the potential impact?



Culturally
(Employee satisfaction)



Competitively
(Employee retention & recruitment)



Financially
(Bottom line)



Socially
(Corporate responsibility)

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Relocation Policy Takeaways

A best-in-class policy allocates relocation dollars where they are needed most while keeping in mind company culture, best practices, and the relocation budget.

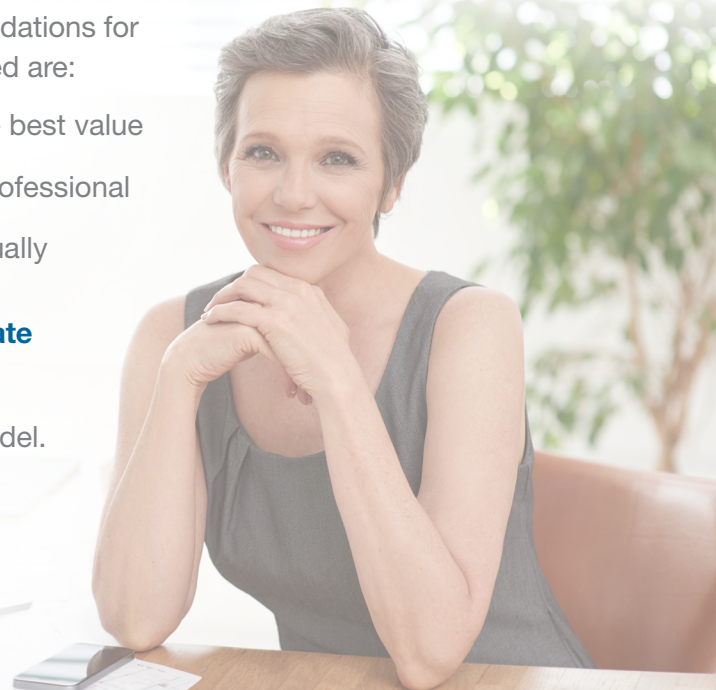
For companies that are just beginning to build out their employee relocation programs, knowing what to include, how much to offer, and which factors may impact costs based on what and how much is covered is key.

Because no two relocations are the same, our top recommendations for creating a relocation policy that best serves all parties involved are:

- **Compare costs** when evaluating providers to get the best value
- **Work with an experienced** relocation and moving professional
- Finally, **review** your company's relocation policy annually

Ready to take the first step towards developing a corporate relocation policy?

We created a [sample relocation policy](#) for you to use as a model. It breaks down the various services, allowances and possible expenses a company should be prepared to cover for their employees who need to relocate for work-related reasons.



For specific policy questions or guidance and support in building the right relocation policy for **YOUR** company, reach out to Bobbi Maniglia, Vice President of Corporate Relocation and Mobility for northAmerican Van Lines at Bobbi.Maniglia@northamerican.com

For more information visit: northamerican.com

