



Blog

Employee Relocation: A Moving Guide for Transferees

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Amazon is establishing a major new headquarters in Arlington, Virginia, while AllianceBernstein is trading Wall Street for Nashville and General Electric is saying farewell to Fairfield, Connecticut in favor of Boston. These companies are just a few of the recent high-profile corporate and employee relocation moves to happen.

“We expect corporate mobility — the moving of people — to reach record highs during 2020,” says John Boyd, principal of The Boyd Company, a corporate site selection firm in Princeton. Also, an increase in mergers and acquisitions is expected in 2020, as it is the fastest route to growth. M&A activity is expected especially in banking, financial services, healthcare and publishing, and those deals will likely result in more relocations, as they often involve blending staffs and consolidating the locations of far-flung firms.

As historically low rates of unemployment continue, many companies are facing severe labor shortages — and their quest for new talent will drive moves to areas with strong population growth and educated workforces. Cities have become more important locations for business, as companies strive to recruit younger workers to replace retiring Baby Boomers — and millennials prefer urban areas. Some of the hottest cities for corporate relocations in 2020 include the Raleigh/Durham area, Nashville, Las Vegas and Reno, South Florida, Austin, and Atlanta.

For individual employees, undergoing a corporate relocation can be exciting, promising, stressful and overwhelming, all at the same time. Managing a move successfully requires an understanding of the relocation package, accessing all the pertinent information about the new location, following a timeline, and keeping expectations manageable.

Changes in Corporate Relocation

In the past, companies moving their employees offered relocation assistance that organized and financed the move. But since the passage of the Tax Cuts and Jobs Act in 2017, companies are changing the way they offer relocation assistance.

“In the past, certain moving expenses were tax-deductible, but after the 2017 tax law, all relocation assistance is now taxed as income,” says Ryan Carrigan, cofounder of MoveBuddha, an online move-planning service. “Many employers are switching to lump-sum relocation benefits where they give the employee a set amount of money and let them choose how to spend it. It no longer makes sense to administer the complicated relocation packages of the past, because the tax advantages and savings to the employee are gone.”



More than 75 percent of The Boyd Company’s clients now use the lump sum method in their relocation policies, Boyd says. Providing a lump sum relieves the employer from having to oversee and manage each aspect of the employee’s move, coordinating vendors, tracking receipts and issuing reimbursement checks along the way. That means it can require less staff time. By providing relocating employees with a lump sum rather than a traditional relocation allowance package, some Boyd clients have eliminated the need for an outside relocation agency.

Managing Your Employee Relocation Move

Lump-sum payments can save money for the employer and allow employees to avoid paying extra taxes. However, they also mean that employees must now take responsibility for handling the moving process. The following list of relocation steps can help simplify that process for transferring employees.

Before the Move

Explore the new location. “Visit, visit and visit again, with your spouse, significant other and children, prior to making a life-changing relocation decision,” Boyd says.

Try to spend significant time in the new location and make sure you feel comfortable there before committing to make the move. Your employer should foot the bill for at least one such site visit. The trip should offer you opportunities to explore the new office, tour the community, and learn about schools, housing and other local services. Your employer’s policy will set forth the length of the visit, but a minimum of two days is common.

Conduct exhaustive research. In addition to visiting in person, research everything about your potential life in the new location. Start with online searches, but also call local schools, childcare facilities, religious centers, tax offices — anyone who might help you picture life in the new place. Consider the cost of living, lifestyle amenities, property taxes, and career opportunities in the new city in case you need to change jobs in the future.

Schedule time to prepare. Most people underestimate the amount of time it takes to relocate, Carrigan says. “From finding a moving company to locking down a new apartment or buying a new home, there are a lot of tasks that need to be completed in preparation for a move,” he says. “Start planning and getting organized as early as possible. However long you think it will take, double it.”

During the Move

Create a budget for moving expenses. If you’re managing and paying for your own move with a lump sum payment from your employer, it’s crucial to plan ahead for all related expenses. Get quotes from several moving companies, freight forwarding companies, vehicle moving firms, real estate agents, real estate attorneys, and others you’ll have to pay with your lump sum.

From there, use quote figures to divvy up your lump sum on paper and create a budget for your move. Remember to include incidentals in your budget such as a new driver’s license, home repairs, cable setup and utility connections, deposits for a new preschool, and any other expenses you may incur.



Ask the employer to make direct payments. When your employer provides you with a lump sum payment for relocation, that payment is fully taxable. However, if your employer writes a check directly to your moving company, that amount is excluded from your tax liability. So consider asking your employer to cover some costs directly, like a PODS container or the real estate commission for selling your home.

Use a checklist. There are so many details, from packing every last fork to returning library books, emptying the attic, and forwarding your mail. It's almost impossible to remember every little thing. A moving checklist can help keep you on track.

Plan for delays. Something won't go as planned and delays are common. Exact adherence to an ideal schedule is pretty unlikely. "You should always build slack into your moving timeline," Carrigan says. "Be it weather, or some other issues, moves can often get delayed."



To prepare for likely delays, avoid booking travel plans or vacations close to your moving date. Also, pack a bag to be prepared with what you'll need if your items arrive later than expected.

FIND EMPLOYEE RELOCATION SUPPORT

Undergoing an employee relocation move can be a complicated, exhausting process. However, relocations often result in exhilarating new experiences and professional growth. Whether you are providing relocation assistance to employees or receiving it from your employer, rely on the logistics expertise of corporate relocation partners like PODS for guidance through the overwhelming part to the invigorating part of relocating to a new place.