



Top 6 Ways to Save Money on Your Relocation Program in 2020

Relocation is crucial for firms looking to recruit, advance, and place talent where they are needed most. It can also be a source of complexity for many HR professionals faced with needing to optimize their human capital while also having to be mindful of how they spend their financial capital. Moving people and their things can get expensive and depending on the type of relocation program your company offers, there are several places you can look for potential savings. As we are approaching budgeting season, we have compiled a list of the top 6 ways you can save money on your relocation program. Follow it, and you could help your company's 2020 be full of successful relocations that stay in budget while meeting your employees' needs.

1. Mind the Fees

If you have been involved in relocation long enough, you know that there are a variety of fees that can apply throughout different parts of the relocation process. However, did you know that how much gets charged for each fee can vary dramatically depending on your relocation and moving provider? That is why it's important to compare quotes from both relocation providers and movers on a line-item basis. When shopping relocation providers, everything from administrative to filing fees should be closely examined to ensure you are getting the best price. This is also true for household goods movers, where many of the charges involved in calculating your quote are attributed to industry-specific terminology.

It is important to not only compare quotes closely but also to acquaint yourself with these terms to understand what the charges are for. You can do this by requesting a copy of something called a "tariff" from moving providers. Tariffs are not a tax, rather a document that details all of a moving company's costs, fees, and pricing methodology. However, there is also an easier, less time-intensive method to compare moving companies. To compare pricing in a truly transparent way for a given household goods move, consider using ["Blueprint"](#) from northAmerican® Van Lines. This tool allows you to compare prices from multiple moving providers for the same move side-by-side.

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To learn more about the costs and fees involved in household goods moving, including explanations of the line items you may encounter, download our guide on [Understanding the Costs and Fees of Your Household Goods Moves](#).

2. Think Fixed-Fee

Home sale programs are important tools for companies that want to remove possible barriers to top-tier talent accepting an offer that requires relocation. In today's competitive talent market many companies are finding that relocation programs are serving as differentiators to high-demand employees who are choosing between offers. Since selling one's own home is an intensive process that can be costly and time-consuming, home sale programs serve to eliminate this worry for a relocating employee. Instead, the risk and effort that goes into selling a property are shouldered by both the company and the relocation provider. More recently, there have been innovations in the types of home sale programs offered by certain relocation providers. These programs are known as "fixed-fee" home sale programs. When companies opt for a fixed-fee home sale program, they lessen their risk, make costs more predictable, and experience tax savings when compared to traditional programs.

Unlike traditional home sale programs that involve various fees to be paid out at different times during the home sale process, fixed-fee home sale programs require the company to pay one amount, one time to the relocation provider for the sale of a given home. This helps make costs more predictable so that you are able to plan your relocation budgets with greater precision. The other financial benefits to fixed-fee home sale programs are the mitigation of risk and reduction in taxable assets. In typical home sale programs, if a home is not sold within a designated timeframe, the home goes on the employee's company's books as a taxable asset which increases a firm's tax burden. Additionally, the company is then faced with the continual fees and costs affiliated with still trying to sell the employee's home. Depending on your relocation policy and needs, fixed-fee home sale programs may be a great option to keep costs predictable and lower your company's taxable assets.

To learn more about the different types of home sale programs available and how they work, visit our guides page and download [The Ultimate Guide to Home Sale Programs](#).

3. Lump Sum Doldrums

WLump sums have gained popularity over the past year. They require less human capital to conduct than full-service relocation programs and can offer a level of budget predictability by giving an employee a set amount of money upfront to finance their move. However, there are some downsides. Unlike relocation programs run by a professional provider, employees must become consumers in the relocation marketplace, often with little to no help or education. This can be stressful to employees especially when they must plan their move and purchase moving services, a process unfamiliar to many individuals, all while still having to perform their job duties. As a result, there can be lost productivity on behalf of the imminently relocating employee. While this isn't a clear cut budgetary loss, depending on their role in the organization, losses in that employee's productivity may impact the company's bottom line.

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Lump sum amounts given to relocating employees by their companies are taxed as income. This makes the lump sum amount subject to federal income tax and depending on the state, state income tax as well. This has led to a need for many companies to provide additional funds known as “gross-ups” to offset this additional tax burden. Depending on the amount and scale of your relocations, it may be worthwhile to examine what your lump sum moves have cost in totality this year. It could be that it would make more financial sense to lessen lump sum use and apply some type of relocation program via a provider to more of your 2020 relocations.

To learn more about Lump Sum relocation along with its newer tax implications, visit our guides page and download [The Ultimate Guide to Lump Sum Mobility Benefits](#). For a deeper dive into how changes to tax law are impacting employee relocation visit our [whitepapers page](#) and download our *2018 Tax Reform* whitepaper.

4. Make it Small, Ship it Fast

For some employees, a traditional move with packing, loading, and driving may not be necessary. Employees with a fully furnished one-bedroom apartment or a lightly furnished two-bedroom apartment may be able to move all of their household goods using a small shipment solution. BlueExpress by northAmerican Van Lines is one of the small shipment solutions available today that could help to save you money on your employee relocations. BlueExpress offers many of the attributes that people enjoy about professional moving companies like guaranteed delivery dates and professional handling at a cost competitive with a do-it-yourself move. Small shipment solutions offer a great way to provide lump-sum employees with more convenience and less guesswork.

To learn more about BlueExpress, read our blog entitled, [“Small Shipment Solutions: The Tool You Need to Simplify The Busy Summer Moving Season”](#).

5. Have You Seen Your HHG Policy Lately?

Your household goods policy holds all the answers when it comes to what is included in a relocating employee’s move. Do you move boats? Hot tubs? Depending on your company’s culture, geographic location, and sometimes, the employee’s job level, the answer to these and other questions regarding what’s covered may vary. However, as noted earlier, there are many different types of fees moving providers charge depending on what is required in a given move. Additional charges may apply for certain items and it’s important to determine what your company deems fair and reasonable to cover and what may be considered outside the norm. Remember that household goods moving is one of the most costly aspects of employee relocation. That is why it is so crucial to review your household goods policy annually to be sure that you are not covering items that make moves unnecessarily more costly.

For more on reviewing and creating a household goods policy that works best for your company, read our blog entitled, [“Top Five Reasons You Should Re-Examine Your Household Goods Policy”](#).

For a free review of your household goods policy, email Bobbi Maniglia at Bobbi.Maniglia@northamerican.com.

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6. The Diverse Supplier Advantage

Diverse supplier programs have been growing throughout the years and for good reason. These programs provide additional sources of diversity for firms outside of their internal stakeholders. By consciously choosing to hire external certified women, minority, and veteran-owned companies, firms are engaging in a diverse supplier program. These programs vary in formality and robustness from company to company and bring with them many tangible and intangible benefits.

When it comes to cost savings on your relocation program, seeking out diverse suppliers can be a way to save money on both costs and taxes. Often employee relocation is an overlooked area from which to seek out additional diverse suppliers for these programs. However, relocation and its affiliated services such as real estate, storage, and household goods moving are all very diverse industries where companies can find qualified professionals who are also formally certified as women, veteran, or minority-owned businesses.

Learn more about the benefits of supplier diversity programs and how today's companies are utilizing them, by visiting our [whitepapers page](#) and downloading our *Supplier Diversity Study*.

For HR, relocation, and procurement professionals, it is no secret that employee relocation is an aspect of their jobs with many moving parts and stakeholders to consider. While it can be costly, relocation programs today can benefit from a variety of options being offered by providers that can help keep costs down and keep people moving. As you prepare your relocation programs and budgets for 2020, stay mindful of the fees you may be charged by providers while also considering small shipment solutions and reexamining the true costs of your lump-sum programs and HHG policy. Doing these things will help with overall cost savings. At the same time, look into using diverse suppliers and switching to fixed-fee home sale programs which can help reduce your company's relocation-related tax burden.

At northAmerican® we are always happy to help you with your relocation needs and we understand the complexities of employee relocation inside and out. That is why we are pleased to offer a free review of your household goods policy and an analysis of your relocation program that includes a benchmark report. Find out if you are paying too much and how you could see even more savings by emailing Bobbi.Maniglia@northamerican.com today and requesting your analysis.

For more information visit: northamerican.com

