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RELOCATION IS A MAJOR LIFE EVENT

Health care professionals acknowledge that people feel stress when in situations that pose significant changes to their daily routine. These are known as major life events. Relocation ranks high on the list because it often requires an employee to sell their home, move the family to a new state or country and change many of their typical routines. Your employee transfer or assignment offer letter needs to cover several important topics, but without adding stress in the process.

The key to drafting an effective letter begins with knowing your employee and focusing on them and their family. The internet abounds with sample templates to help you draft a relocation letter. Unfortunately, many of them begin something like this:

Dear Mr. Jones,

This letter is to inform you that you will be transferred effective on [date] to our location in ...

That’s a bit abrupt. Let’s take a fresh look at the topics you need to cover and how to write an effective relocation letter.

DISCUSS THE RELOCATION FIRST

Relocating an employee benefits the company. You may need to add talent to a business unit in a distant city, or to reduce it at the employee’s current location. You may want to move a manager to provide new leadership in another territory. You may even want to give a high-potential employee broader experience as part of a career development plan. No matter the reason, be sure you or the appropriate manager(s) discuss those reasons with the employee long before you write the letter.

Having a detailed discussion gives you the opportunity to create enthusiasm about a new role:

• It can increase the likelihood of an accepted offer.
• It can provide a platform for discussing your global mobility policy and company-provided financial assistance.
• It allows you to be clear about the specific skill-building and learning opportunities available to your employee in the new role.
• It gives you an opportunity to show that the company values the employee and wants to make an investment in their future.
• It lets you show that the employee is important to the growth of the business.
WRITING AN EMPLOYEE RELOCATION OFFER LETTER

Holding a discussion shows respect for the employee and allows you to craft a letter that applies to that individual. In turn, you’re more likely to increase loyalty and productivity – and to reduce the chance of a relocation being declined.

Rather than opening the letter with a recap of your policy and salary, begin with highlights of the discussion you held with the employee. The employee will likely review the letter with their spouse or partner; recapping the upsides to relocating will help the spouse be supportive.

UNDERSTAND THE NEW ROLE

If your employee’s job title and responsibilities remain the same in the new location, be sure to convey to whom the employee will report and the duration of the transfer or assignment. For employees taking on new responsibilities, you’ll also want to communicate the following:

- The employee’s new job title or position.
- New and additional responsibilities and duties.
- Those duties and activities for which the employee will no longer be responsible.
- A description of any increased benefits, salary or bonuses.
- Include an appropriate repayment agreement.

Similar in some ways to an offer letter to a prospective new employee, this section of the letter focuses on the specifics of the new role. It documents the job title, salary and related matters to eliminate misunderstandings later. Be sure your letter contains:

- The employee’s full name and current home address.
- Department names: current department and the new destination department.
- The effective date that the employee reports to the new location.
- The name of the employee’s new supervisor.
- The letter or memo should be dated and signed by the appropriate manager.
- The date by which the relocation benefits must be used.

With all of this pertinent information, you’re now ready to dive into the specifics of your company’s global mobility policy and provide the employee with an explanation of their entitlements.
UNDERSTAND YOUR RELOCATION POLICIES

Your letter should recap or summarize the portions of your policy applicable to the employee. Among the issues your policy addresses, include the points summarized in the next four topics for two reasons:

1. These topics are the most costly components of an assignment or transfer.
2. They are usually the greatest stressors to an employee and can cause reduced productivity.

Relocation Expenses

Over the past decade, companies have adjusted relocation allowances to reflect changes in the economy and their market sectors. Ninety percent of companies responding to a 2016 CapRelo survey use a multi-tiered approach to determine what portion of relocation expenses will be paid by the company. How those tiers are defined varies across companies.

Overall, most define their tiers according to:

→ Salary or job level
→ Whether the employee is a homeowner or renter
→ Whether the relocation is initiated by the company or the employee
→ Exempt versus non-exempt status
→ Whether the move is a lateral move or a promotion

In writing your letter, review your policies to determine what is relevant to the particular employee. While it's not recommended that you copy company policy verbatim into the letter, you should summarize:

→ Specific expenses and the amounts the company pays for directly.
→ Types of expenses that can be reimbursed, along with any limits. Note whether the transferee or assignee is required to document each expense, to submit a consolidated summary or will be given a lump sum amount for miscellaneous expenses.
→ Expenses the employee is responsible for paying.

Do not provide advice on the tax consequences of how your company funds or reimburses relocation expenses. Encourage them to seek advice from a tax professional if questions arise.

Moving Household Goods

The average cost companies paid for moving employees’ household goods was $11,583, according to a 2016 Worldwide ERC® survey. That cost rose by 25 percent over ten years and can be expected to continue as a significant part of your overall relocation expense.
The moving cost varies widely depending upon whether the employee is a renter or a home owner (home owners tend to have more household goods to move), the distance between current and destination addresses and the size of the family.

The cost of storage and valuation coverage for household goods also come into play if the employee will be moving into furnished temporary housing. Your letter should specify the amount the company will pay for household goods transport, storage and valuation along with any limitations or restrictions. In addition, include any specific costs the employee will be responsible for paying, even if your policy provides a lump sum for out-of-pocket expenses.

**Home Marketing Assistance**

Providing assistance to an employee in selling their current home is important. It allows your employee to relocate without the added stress of trying to sell their home from afar, which can distract from their job.

Your company may offer assistance to the employee based on a Buyer Value Option, an Appraised Value, an Amended Value Option or another approach. The letter should summarize your approach. The details are best reserved for the appropriate real estate and related policy documentation.

**Home Finding Assistance**

Getting your employee and their family settled into a new residence is crucial because it helps them return to full productivity quickly. Each employee is unique. Some may need temporary housing while they search for a house; others may choose apartment living. Your letter should reflect the level of assistance the company provides:

- **Temporary Housing**
  Summarize what provisions the company makes for temporary living and for how long.

- **House Hunting**
  Summarize what services the company provides, such as contact info for local realtors and cost of living in the new city.

- **Destination Services**
  This might include orientation to the new area, contacts with local schools, colleges, medical facilities, etc.
Final Thoughts

Ideally, your relocation letter should:

→ Focus on the employee and the benefits of their new role
→ Create a positive impression and enthusiasm for the new opportunity
→ Outline the expectations and responsibilities in the new role
→ Summarize the relevant points from your global mobility policy

To get you started, an outline for a sample relocation letter follows this article.
SAMPLE LETTER

July 20, 2017

Mr. Dan Jones
123 Main Street
Atlanta, GA 30303

Dear Mr. Jones,

Last week we discussed an opportunity for you to relocate to our Phoenix office. We see great potential to grow in the Southwest territory and wish to offer you a promotion to Regional Sales Manager where you will oversee the sales operation in seven states with 15 sales representatives and 3 District Managers reporting to you. This opportunity will allow you to expand your management skills as you move from the District Manager position in Atlanta to a more senior position in Phoenix. In this new role you will report to the Vice President of U.S. Sales.

The company wishes to invest in helping you and your family relocate. This letter summarizes that support in several areas.

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**New Job Title:** Regional Sales Manager  
**New Supervisor:** Barbara Smith, Vice President, U.S. Sales  
**Department:** U.S. Sales, District Sales Manager, Atlanta; moving to U.S. Sales, Regional Sales Manager, Phoenix  
**Effective Date of Transfer:** October 1, 2017  
**New Duties:** Oversee sales activity of District Managers in the Southwest region to meet or exceed regional quota.  
**New Compensation:** Base salary of $120,000 with commission, bonus and accelerated commission as documented in the current compensation plan.

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A summary of the relocation benefits that are extended to you as part of this offer can be found on the following page. Please refer to the relocation policy guidelines for more detailed information on the relocation benefits.
**Relocation Expenses**

The company will provide the following relocation services and pay the associated costs in full.

1. A one-week home finding and orientation trip including airfare, a rental car and lodging for you and your spouse. The company will reimburse you for child care during your trip up to $150.00.
2. Spousal employment assistance in the Phoenix area.
3. Transport of household goods (see specifics below).
4. Assistance in selling your home and finding a new home (see specifics below).
5. The company will provide $5,000 lump sum to cover your out-of-pocket costs associated with the relocation. You are not required to submit receipts or documentation for these expenses.

You will be responsible for any expenses not included in these five (5) categories.

**Household Goods Moving**

The company will pay the moving company directly to move your household goods up to $28,000, which includes valuation coverage, packing, transporting, unpacking and setting household goods in place; up to 24,000 pounds.

The company will pay for transporting your two vehicles to the new location.

**Home Marketing Assistance**

The company offers assistance in selling your current home under the Buyer Value Option (BVO). The BVO program allows our Relocation Management Company to purchase your home once you have received an acceptable offer from a private buyer, then to sell it to that buyer. Please review the brochure accompanying this letter to learn how the program works to your benefit.

**Home Finding Assistance**

The company will provide:

- $1,500 per month for three (3) months of temporary living in a suitable furnished apartment, and will pay valuation and storage for your household goods during that period.
- Contact information for a company-approved real estate agency in the area to assist you in finding and buying your new home.
- Orientation to the new area through our Relocation Management Company. This provides an overview of the area housing market; familiarization with medical facilities, schools, shopping, and municipal government agencies; and related services to help you establish your family in the Phoenix area.
Repayment Agreement Terms
Should you voluntarily terminate your employment for any reason or request a transfer out of the assignment location or if you are terminated due to gross neglect of your job duties, fraud, misappropriation or embezzlement, within twelve (12) months after the Start Date of the Job Assignment, you agree to repay within thirty (30) days of terminating employment, any and all relocation expenses and tax allowances, or payments made in lieu of relocation, incurred or reimbursed by the Company subject to the schedule below. In addition, should you refuse to accept a job transfer or relocation after any expenses have been incurred or reimbursed by the Company, you agree to repay the Company within thirty (30) days of refusal to accept transfer/relocation for any and all relocation expenses and tax allowances, or payments made in lieu of relocation, incurred or reimbursed by the Company. Repayment of relocation expenses will be made in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Length of time from effective start date:</th>
<th>Percentage of costs repayable:</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 12 months</td>
<td>100%</td>
</tr>
</tbody>
</table>

If termination occurs more than twelve (12) months after the start date in the new location, the employee will not be required to prepay relocation expenses.

Any repayment required will be due and payable to the Company within thirty (30) days of terminating employment or will be deducted from any amounts due to you from the Company, including without limitation any salary, commissions, bonuses, vacation or other paid leave, severance or separation pay and expense reimbursements, up to the full amount of the Employee Sale/Company Purchase expense owed to the Company, subject to applicable law. If such deduction does not fully satisfy the amount of reimbursement due, you agree to immediately repay the remaining unpaid balance to the Company.

This offer letter is not to be construed as a contract of employment. There is no cash value to the provisions of this offer letter.

Please review the enclosed information and contact me or Human Resources with questions or concerns. I would appreciate your acceptance of this new opportunity by August 1, 2017.

for Barbara Smith, Vice President, U.S. Sales

by

Rob Thompson, Human Resources