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WEBINARS

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## Here Comes Moving Season: What You Need to Know to Prepare and Manage Your Move



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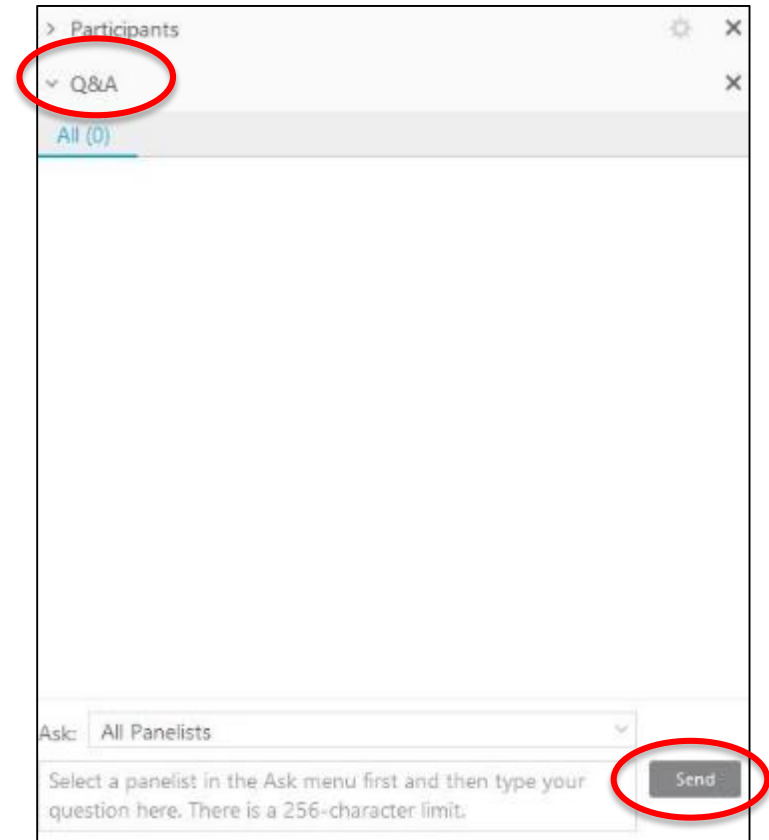
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# Q&A Instructions

- Submit questions through Q&A dialogue box
- Box is located in lower right corner of screen
- Do not use the Chat Box
- Be specific
- You may submit your question at any time

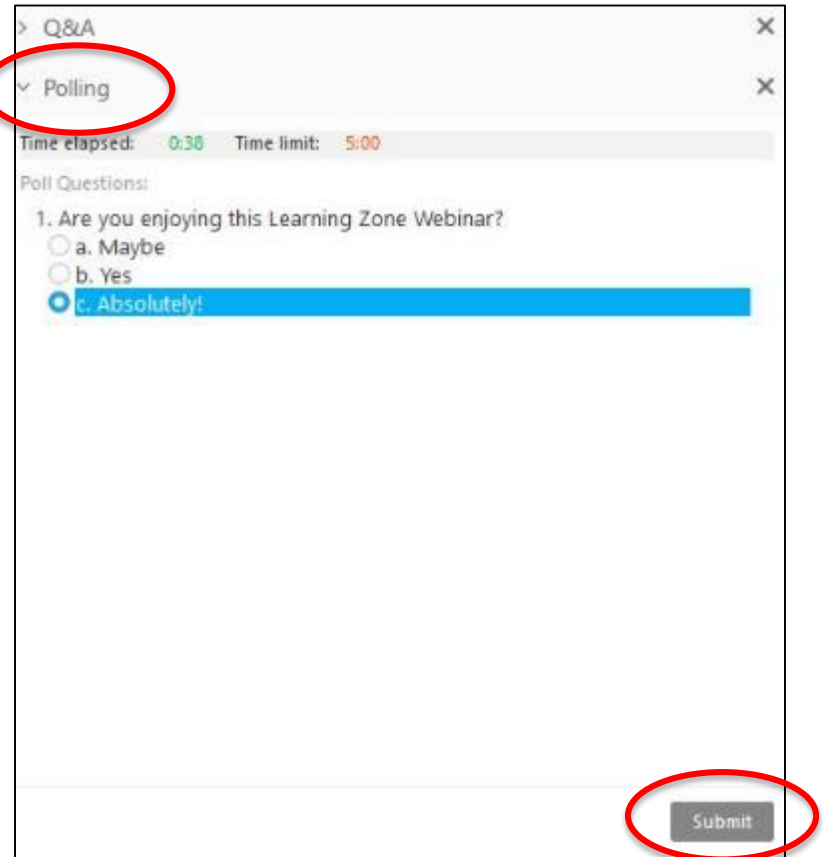
Q&A Dialogue Box:



# Polling Instructions

- The Polling Box appears below Q&A Box
- Question will appear on slide and in the Poll Box
- Submit answer quickly
- Results will display in the same location

## Polling Box:



The screenshot shows a 'Polling Box' interface. At the top, there is a 'Q&A' section and a 'Polling' section, both with expand/collapse arrows. The 'Polling' section is circled in red. Below the 'Polling' section, there is a progress bar showing 'Time elapsed: 0:38' and 'Time limit: 5:00'. The main content area is titled 'Poll Questions:' and contains a single question: '1. Are you enjoying this Learning Zone Webinar?'. There are three radio button options: 'a. Maybe', 'b. Yes', and 'c. Absolutely!'. The 'c. Absolutely!' option is selected and highlighted with a blue bar. At the bottom right of the box, there is a 'Submit' button, which is also circled in red.



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# Today's Presenters



## Drew Coolidge

President, International Moving and CSCO &  
Operational Excellence Officer  
SIRVA Worldwide Relocation & Moving



## Taryn Kramer

Vice President, Global Consulting  
SIRVA Worldwide Relocation & Moving





# Polling Question #1

Which type of move are you most interested in planning for?

- A. Domestic
- B. International
- C. Both

# Why Is Summertime A Busy Moving Season?

- Weather
- Home sales – pick up in the Spring and build through summer
- Education system - break in schooling

# Challenges of Peak Season



# Understanding Tax Reform Implications

The 2018 Tax Cuts and Jobs Act was signed by the president on December 22, 2017, and may have significant impacts on the relocation industry.

## Tax Reform Highlights (Relocation-specific)

- Removal of IRS criteria to qualify certain moving expenses as excludable (from income)\*:
  - Time test
  - Distance test
  - Qualified expenses
  
- Some tax-excludable expenses are now taxable:
  - Household goods shipment
  - Storage (first 30 days)
  - Pet shipment
  - Automobile shipment
  - Final trip expenses (lodging, airfare and tax-excludable mileage)

\*SIRVA recommendation is that a form of this criteria be included to determine eligibility for company relocation support

# Understanding Tax Reform Implications

The 2018 Tax Cuts and Jobs Act was signed by the president on December 22, 2017, and may have significant impacts on the relocation industry.

## Relocation Impact

- Increased program costs where companies agree to gross-up previously non-taxable relocation support
  - May be partially offset by lower corporate tax rates
  - May be partially offset by lower individual tax rates (required gross up is lower than 2017)
  - Where companies choose not to gross-up, additional relocation barriers may impact their ability to move employees, thereby impacting business and talent objectives tied to mobility

# U.S. Tax Reform – At a Glance

| Tax Provision   | Change | 2017 Tax Law   | 2018 Tax Law  | Relocation Impact  |
|---|--------|--|---|--|
| <b>State and Local Income, Sales and Property (including foreign real property) Tax Deduction</b> | Yes    | Unlimited  | <p><b>State and local Property Tax, and Local Income Tax (or Sales Tax in lieu of Income Tax) Deduction</b><br/>Deduction capped at an aggregate amount of \$10,000</p> <p><b>Foreign Real Property Tax</b><br/>Eliminated for personal tax return</p>  | <p>Could result in higher cost (COLA Adjustment) to relocate to jurisdictions with a higher local tax.</p> <p>Employee in high cost states like CA and NY could be faced with paying higher taxes and affect gross-up. This could lead to resistance to relocate to certain locations.</p> |
| <b>Mortgage Interest Deduction</b>  | Yes    | <p><b>Mortgage Interest Deduction</b><br/>Interest on mortgages up to \$1,000,000</p> <p><b>Eligible Homes</b><br/>Primary and secondary</p> <p><b>Home Equity Loans</b><br/>Deduction permitted for home equity loans up to \$100,000</p> | <p><b>Mortgage Interest Deduction</b><br/>Interest on mortgages up to \$750,000. Acquisition debt incurred prior to December 15, 2017, that exceeds the new threshold will be grandfathered</p> <p><b>Eligible Homes</b><br/>Primary and secondary</p> <p><b>Home Equity Loans</b><br/>Deduction eliminated for home equity loans</p> | <p>Mortgage Interest<br/>Some employees may hit interest cap since the cap was reduced.</p>  |
| <b>Household Goods</b>  | Yes    | Unlimited for employment-related moves   | <p><b>Eliminated</b><br/>Household goods move, auto shipment, pet shipment and first 30 days of storage.</p> <p><b>Eliminated</b><br/>Final trip expenses (lodging, airfare and mileage to tax excludable IRS rate)</p> <p>Still applies for military moves – no change</p>   | <p>Will result in taxable income to employee for employer reimbursed HHG shipments.</p> <p>Previously excludable expenses are now taxable and if clients choose to gross up these expenses, relocation costs may increase.</p>   |

# U.S. Tax Reform – At a Glance

| Tax Provision                            | Change | 2017 Tax Law   | 2018 Tax Law   | Relocation Impact   |
|--|--------|--|--|---|
| <b>Supplemental Withholding Rate</b>     | Yes    | 25%  | 22%; 37% over \$1M   | Could increase over withholding and gross up for transferees whose tax rate is below 37%.   |
| <b>Relocation Home Sale Program</b>      | No     | Permitted if provided in accordance by IRS Revenue Rulings   | Permitted if provided in accordance by IRS Revenue Rulings – no change   | Home sale programs are not based on the tax code so there is no change in tax benefits of a BV or AV home sale program (whether fixed fee or cost plus).<br><br>HOME SALE PROGRAMS WERE NOT IMPACTED BY THE TAX REFORM. |
| <b>Capital Gain on Sale of Residence</b> | No     | Excludable<br>Up to \$500,000 for married couple and \$250,000 for single<br><br>Residence Condition<br>Lived in the property 2 out of 5 years | Excludable<br>Up to \$500,000 for married couple and \$250,000 for single<br><br>Residence Condition<br>Lived in the property 2 out of 5 years | No impact<br><br>Available for use every 2 years  |

# Talent Mobility and Cost Rationalization



Program Segmentation



Candidate Selection



Relocation Planning



Cost Projections



# Rebranding

Shift from  
operational to  
strategic

Align Mobility with  
organization and  
talent teams

Develop  
organizational  
awareness

Harness the power of  
data

# Polling Question #2

What gross-up approach has your organization decided on?

- A. Gross-up
- B. No gross-up
- C. Gross-up now and re-evaluate program or policy within the next year
- D. Unsure

# Understanding Lump Sum Vs. Corporate Moves

- The package you provide your employee will impact their experience
- When demand exceeds supply, movers prioritize corporate contracts
- Lump sum moves are treated as consumers in the marketplace
- Consumer and military moves are often turned away due to significant cost increases

# Polling Question #3

Are you planning to give your employees a lump sum during peak season?

- A. Yes
- B. No
- C. Unsure



# Tips To Avoid Peak Season Panic

# Avoiding Peak Season Panic

## Tips for global mobility managers and staff

- Book in advance
- Avoid RUSH moves, as they are:
  - Challenging to service in the manner for which we plan
  - More likely to incur damages
  - More likely to incur increased costs
  - Less likely to arrive at destination faster than moves planned well in advance
- Keep cancellations or postponing to a minimum
- Consider adding small shipment alternatives
  - Smaller shipments may have a longer transit time and wider delivery spread
  - Full-service container-like solutions offer greater flexibility for smaller shipments and can be added to an existing policy

# Polling Question #4

How will you be handling small shipment programs?

- A. Currently addressing via different policy
- B. Considering addressing via different policy
- C. Not addressing, no difference between big and small shipments

# Avoiding Peak Season Panic

## Tips for RMC's

- Every move has unique challenges – be available and respond in a timely fashion for approvals
- Capacity is an issue and will continue to be – make sure your carriers complement each other with strengths and geographical positioning
- Build a relationship with the key personnel at the carrier so they understand what your expectations are as a customer and can work on your behalf when the “fur” starts to fly... because it will in the peak season
- Have a cliff notes version of your account's policy that the coordinators understand and can execute effectively



# Avoiding Peak Season Panic

## Tips for RMC's (cont.)

- Make sure transferees are aware of not scheduling closings too close or on the day of the move
- Make sure transferees are available for in-home estimates early in the process so we can get that estimate to plan early on services
- Make sure transferees show the estimator everything going so weight and cubes are accurate to avoid flow problems. If there are changes, make sure they tell the moving company ASAP.
- Make sure transferees understand the delivery "spread" so they are available to take delivery to avoid extra costs such as waiting time and storage
- Make sure transferees check off their shipments at delivery to avoid claim hassles and missing items

# Avoiding Peak Season Panic

## Tips for transferees

- Do not make travel plans the same day as the move
- Do a thorough walk through with the driver before and after loading and unloading to make sure you are on the same page and that everything has been taken care of
- The crew needs your attention especially on the day of delivery; if you have small children and pets have someone available to take care of them
- Things will happen very fast once packing and loading begins, make sure you take any valuables/important papers and things you don't want to end up in boxes and put them in a separate area out of the way the day before packing or the move
- Make sure you understand and sign all the documentation presented by the crews, especially the bingo sheet indicating the items delivered and notation of any residence damage

# Key Takeaways

1. Plan ahead!

2. Be flexible

3. Communicate



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