

Mobility and Lump Sums: Is the Approach the Right Fit for your Program?

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SIRVA[®] Worldwide
Relocation & Moving



Webinar Facilitators



Angela Chrz

Manager, Consulting Services
SIRVA Worldwide Relocation & Moving
angela.chrz@sirva.com



Taryn Kramer

Vice President, Global Consulting
SIRVA Worldwide Relocation & Moving
taryn.kramer@sirva.com

Discussion Agenda

1. Define “Lump Sum”
2. Lump Sum by the Numbers
3. Lump Sum Support Options
4. Lump Sum Application Options
5. Package Design – Example
6. Evaluating a Lump Sum Approach
7. Case Study
8. Key Takeaways
9. Questions and Answers

“Lump Sum” Defined

A **Lump Sum** is NOT a **Miscellaneous Relocation Allowance**

A **lump sum** is a cash payment to a relocating employee that is intended to cover all or a portion of relocation services

A **miscellaneous relocation allowance** is an allowance provided to the employee to cover incidental relocation costs that are not covered elsewhere in the policy

Lump Sum by the Numbers



64%

Of organizations include a lump sum component in one or more available policy types (Domestic and Global)



37%

Of organizations offer a "lump sum only" package (the employee is not provided with any additional support)



29%

Of organizations calculate the value of the lump sum based on defined policy provisions

The Lump Sum is intended to cover:



House-hunting trip **33%**



Travel to/from the host location **40%**



Temporary Housing **41%**



Household Goods Shipment **39%**

Benefits Eligible for Lump Sum Delivery



Lump Sum may be the approach used to deliver any of the following benefits:

Long Term	Short Term	Permanent Relocation
Pre-Move Visit	Excess Baggage	Pre-Move Visit
Final Move	Final Move	Final Move
Partner/Family Support (Dual Career Assistance)	Relocation Allowance	Partner/Family Support (Dual Career Assistance)
Relocation Allowance	Home Leave	Relocation Allowance
Home Leave	Repatriation Allowance	Home Leave
Dependent Visits	Final Move (Repatriation)	
Repatriation Allowance		
Final Move (Repatriation)		

Lump Sum Support Options



Self Service

- The employee receives the cash lump sum and coordinates their own move and services
- The employee receives no support other than the cash payment

Limited Support

- The Relocation Provider offers guidance on how to maximize the lump sum
 - Employee connected with preferred suppliers to assist with services
 - Assistance provided to understand how to coordinate relocation services with the relocation timeline
- Support can be provided through a relocation counselor and/or through a technology solution

Lump Sum Application Options



Pre-Defined Benefits

The lump sum is provided to assist with designated core relocation benefits that would have typically been provided as part of a reimbursement. For example:

- Home Finding Trip
- Final Move
- Temporary Housing
- Excess Baggage
- Cultural Training

Calculation Options:

- Calculated by a data provider per employee, based on company policy parameters
- Calculated based on factors such as company policy parameters, historical spend, company budget and/or policy tier

Lump Sum Application Options



Flex/Discretionary

A lump sum can also provide an element of flexibility to a relocation program when used to assist with Flex Benefits offered in a relocation policy.

Flex Benefits might include:

- Family Support
- Spousal Support
- Additional Home Finding Trip
- Additional Temporary Living
- Return Trip Back to Origin
- Pet Shipment

Calculation Options:

- Typically a flat amount by policy tier, based on company budget and/or historical spend

Lump Sum Application Options



To Offset Relocation Expenses

- The lump sum is the only policy component offered, or the lump sum is offered in conjunction with limited benefits/support (directly delivered)
- Commonly provided to junior level employees
- When limited benefits are offered in conjunction with the lump sum, directly delivered benefits often include:
 - Shipment of Household Goods
 - Reimbursement of final trip to the destination location

Calculation Options:

- Flat amount based on level of employee and/or other criteria
- Distance between origin and destination location

Lump Sum Application Options



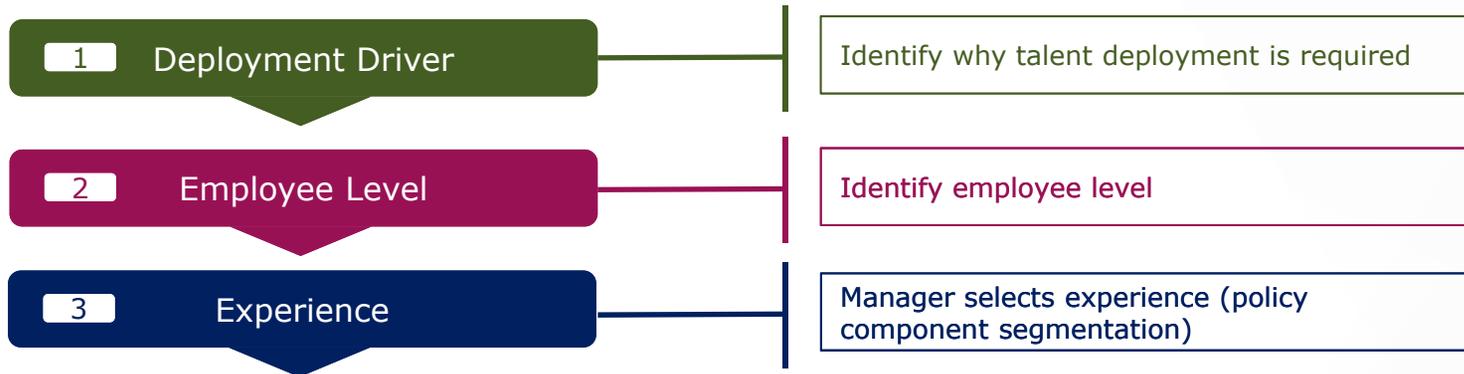
In Lieu of Relocation Support Package

- The lump sum is provided in lieu of a full relocation benefits package
- Opt-in for lump sum delivery can be dictated by policy, employee or company/business unit
- “Stealth” lump sums are sometimes offered by business units not willing to conform to the established company relocation program support model

Calculation Options:

- Percentage of estimated cost of relocation support package
- Company budget
- Individual negotiation

Package Design Approach



Employee Experience – SAMPLE ONLY

3 Experience

Package Selection Criteria with Budget Range

- 1 Managers would be provided a menu of Low, Medium and High to determine the Business Need and Development Value of the relocation with corresponding package budget range for consideration.

Package Level	Good	Better	Best
Package Selection Criteria	New Career and New Hires	Mid-Career Level	Senior and Executive Career Level
	<ul style="list-style-type: none"> • Self select/volunteer • Local transfers • Development experience • Non critical projects 	<ul style="list-style-type: none"> • Technical project based • Rapid deployment needs • Enables for immediate focus on role at destination 	<ul style="list-style-type: none"> • High potential senior employees • Targeted for critical roles and strategic deployment • Significant expertise
Budget	\$15,000- \$30,000	\$30,000 - \$60,000	\$60,000 - \$90,000

Additional Component Segmentation

- 2 Once the Manager has picked the Package Level, the Consultant can provide further budget and experience control with additional segmentation within components.

Component	Low	Medium	High
Temporary Housing	7 days	15 days	30 days
Relocation Allowance	1 week salary	2 weeks salary	1 month salary

Core/Flex – Business

GOOD

1. General Allowance = 1 month's base salary, capped at \$5,000
2. House Hunting Trip = 1 trip (5 days/4 nights)
3. Final Trip = Economy air/first class rail/mileage reimbursement, Excess baggage/taxi/car service, Lodging, Miscellaneous Expenses
4. HHG and Storage in Transit = Packing, Loading, Unloading, Limited Unpacking, Up to 2 autos, 30 days SIT

BETTER

1. General Allowance = 1 month's base salary, capped at \$7,500
2. House Hunting Trip = 1 trip (8 days/7 nights)
3. Final Trip = Economy air/first class rail/mileage reimbursement, Excess baggage/taxi/car service, Lodging, Miscellaneous Expenses
4. HHG and Storage in Transit = Packing, Loading, Unloading, Limited Unpacking, Up to 2 autos, 30 days SIT

BEST

1. General Allowance = 1 month's base salary, capped at \$10,000
2. House Hunting Trip = 2 trips (8 days/7 nights)
3. Final Trip = Economy air/first class rail/mileage reimbursement, Excess baggage/taxi/car service, Lodging, Miscellaneous Expenses
4. HHG and Storage in Transit = Packing, Loading, Unloading, Limited Unpacking, Up to 2 autos, 30 days SIT

Base Salary

Tax
Immigration
HHG Shipment
Temporary Living

CORE

FLEX

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Repatriation Allowance		
Final Move (Repatriation)		

Why do Programs Utilize a Lump Sum?

I need to cut costs

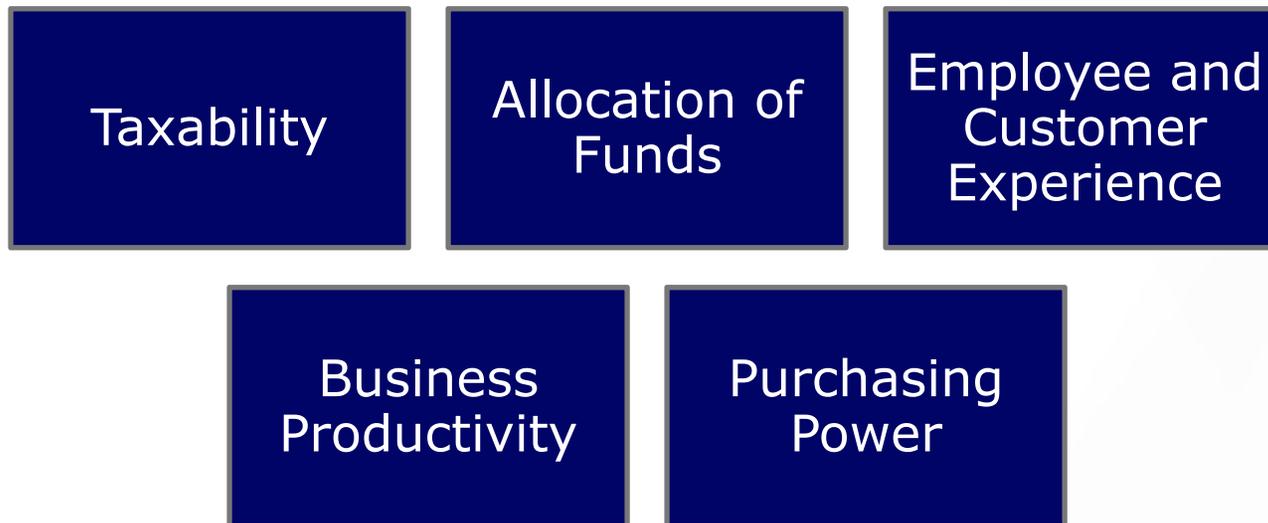
Our employees just want the cash

We don't have the budget to support a full relocation program

I don't want to cover any gross-up expenses – cash is easier

I don't want to be involved in their move – just give them cash so they can manage it on their own

Evaluating a Lump Sum Approach



Case Study

SIRVA's Global Consulting Practice was engaged by a client to develop a technology-only solution to manage their lump sum program. The company's transferring employees were typically receiving relocation support in the form of a lump sum only, as the perception of cost associated with a full, direct-delivered relocation benefits package seemed too high.

After speaking with SIRVA about the company's intended objectives for the program, options available (including pros and cons of each), the company determined that delivering relocation benefits solely via a lump sum would not align with the company and employee culture; the company ultimately partnered with SIRVA to design and implement a full relocation program using a core/flex model.

Key take away: Periodically evaluating a mobility program is crucial, as company goals, objectives, culture and employee population evolves. Creative solutions can ensure company budget is adhered to while maximizing employee experience.

Key Takeaways

Company and Employee Culture is Important

Mobility Program Demographics are Important

Lump Sum Delivery will impact the effectiveness of your program



Q&A

Thank You and Happy New Year!

Upcoming Events:

SIRVA's 2018 Mobility Report is available

on <https://www.sirva.com/en-us/insights-and-publications/detail/2018-mobility-report>

**SIRVA University: April 16th and 17th,
Napa Valley, CA**

register now at: sirvauniversity.com