



WORKFORCE MOBILITY BENCHMARK REPORT: RELOCATION EDITION

2017

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INTRODUCTION

Welcome to Runzheimer's 11th Workforce **Mobility** Benchmark Study. Why do we perform this study year after year? We do it because we are committed to helping companies understand leading practices for relocation programs and develop strategies that align with their company objectives. Also, by evaluating best practices across many industries, we continue to deliver services that align with the direction of the mobile workforce.

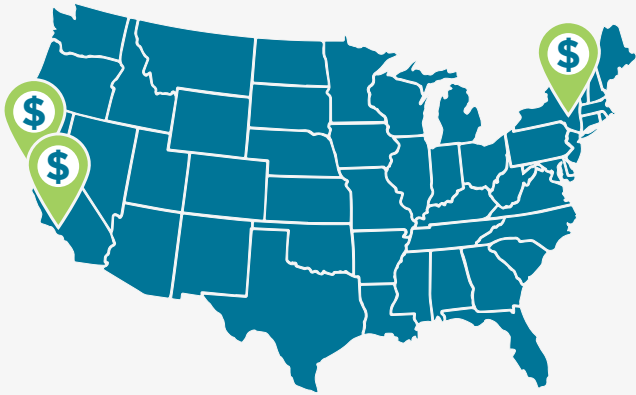
As experts in relocation programs, we monitor trends across industries and company sizes while also aggregating policy and program standards from hundreds of organizations in order to provide current benchmark data. This data will help you understand areas of risk, financial costs, administrative burdens and overall fairness to employees for various approaches.

Understanding practices among industry peers can provide competitive insights and help companies accomplish their strategic goals. That's one reason why companies consult with Runzheimer – to gain insight into relocation program practices among industry peers and create strategic policies.

Winning the war for talent and improving employee satisfaction are at the forefront of the challenges organizations face today. These add to the challenges of monitoring spend, reducing administrative burdens, and providing deep insights into program performance. The world is changing and we are committed to help you optimize your mobile workforce and accomplish your strategic goals.

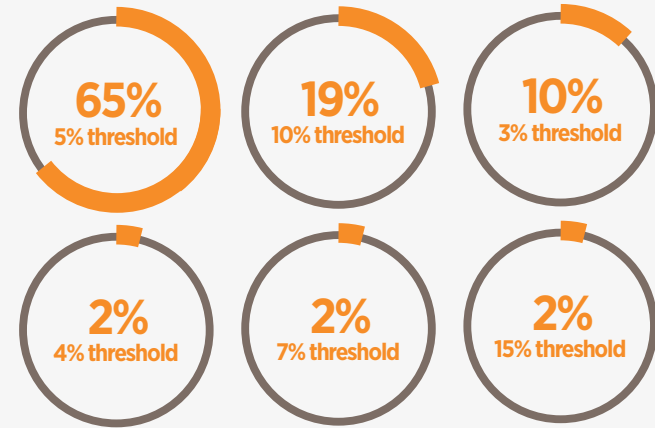
KEY FINDINGS

EXTREME HIGH-COST LOCATIONS



46% of organizations providing cost-of-living allowances adjust the amount in “extreme” high-cost locations

ORGANIZATIONS THAT USE THRESHOLDS



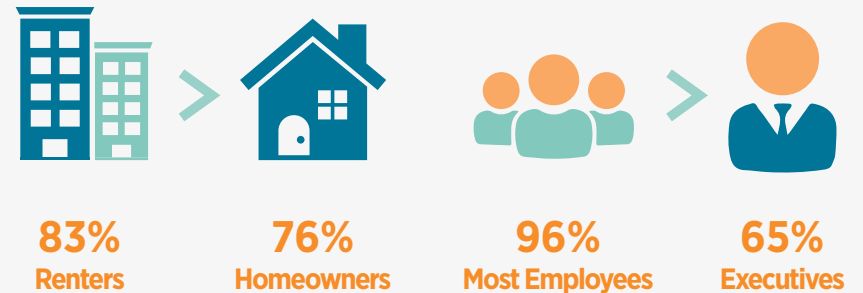
Among organizations that use thresholds in cost-of-living allowances, two-thirds use 5%.

PROMINENCE OF LUMP SUM ALLOWANCES



80% of organizations use Lump Sum Allowances to deliver some of their relocation benefits.

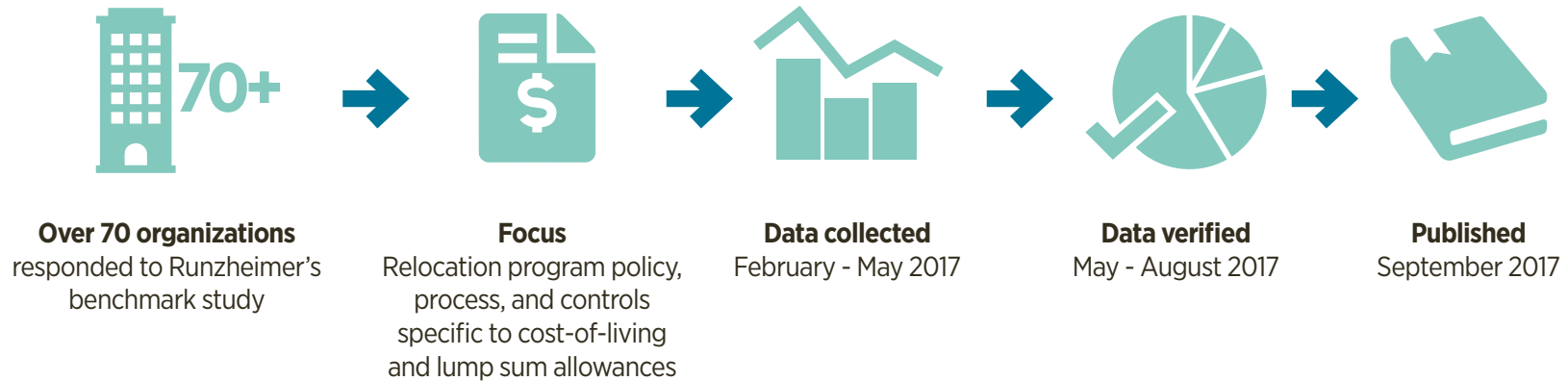
LIKELY LUMP SUM ALLOWANCE RECIPIENTS



Renters are more likely to receive a lump sum allowance than homeowners. New hires and existing employees are more likely to receive lump sum allowances than executives.

METHODOLOGY

Key details about the 11th Runzheimer Workforce Mobility Benchmark Study



Participant Profile and Methodology

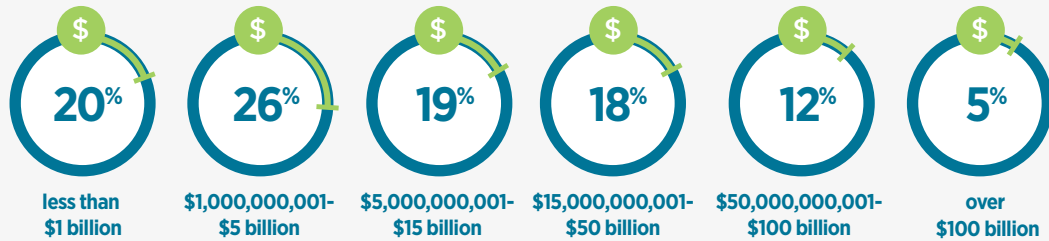
Runzheimer Workforce Mobility Benchmark Study collects financial, operational and program-specific data points to provide trends and comparisons among participant organizations. Additional insights were procured from an internal study on practices in relocation. **This report drills deep into relocation practices, with particular focus on lump sum allowances and cost-of-living-allowances (COLA).**

Organizations that participated in the Runzheimer Workforce Mobility Benchmark Study have operations based in the United States and Canada. An extensive validation process was conducted following receipt of participant data. In cases where the accuracy of information was in question and could not be validated, data was not included as part of the analysis. All data was collected from study participants prior completed fiscal year. In addition, these findings include data procured from an internal study of client relocation policies.

Examining the Respondents

Respondents by Annual Revenue

Study participants represent a range in scale based on annual revenue as reflected below.



Respondents by Organization Size

Runzheimer works with companies of varying size that handle any number of employee transfers. Study participants represent a diverse sampling of company sizes as seen below.



Respondents by Industry

Participants in this year's study represent many diverse industries. The largest samples came from manufacturing, healthcare, professional services, and automotive sectors. Here's a breakdown by industry:

Industry Classification	% Respondents
Manufacturing	14%
Professional Services	13%
Healthcare	12%
Automotive	8%
Chemicals	7%
Energy & Utilities	7%
Financial Services & Investors	7%
Food & Beverage	7%
Retail	6%
Apparel	5%
Information and Communication Technology	5%
Biotechnology	2%
Media, Entertainment and Information	2%
Engineering	2%
Shipping and Trucking	2%
Warehousing and Storage	1%

Department Ownership

The majority of companies (72%) report that Human Resources owns this function. Some study participants (13%) report that a Relocation department owns the employee transfer function.

Industry Classification	%
Human Resources	72%
Relocation Department	13%
Corporate Services	6%
Sales/Marketing	5%
Other	4%

RELOCATION VOLUMES

Transfer Volume Outlook

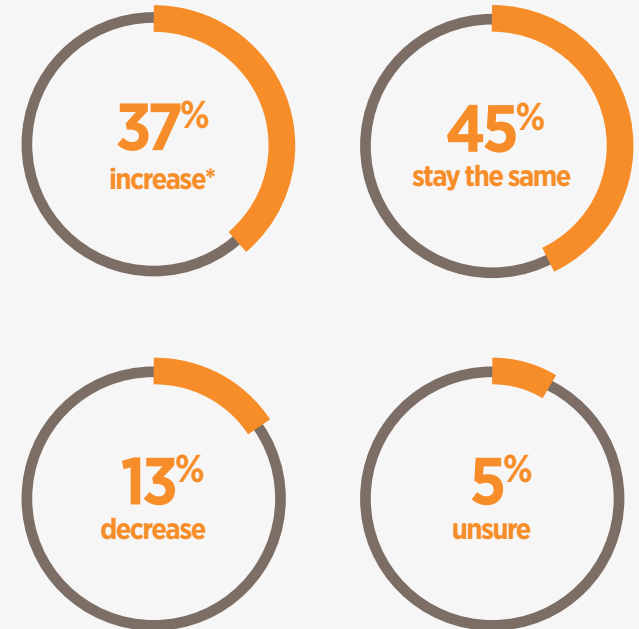
The majority of study participants (40%) expect the volume of employee relocations to increase. Thirty-eight percent expect transfer volumes to remain the same, and sixteen percent expect the number of transfers to decrease. Among participants that expect an increase in volume, most expect an increase of less than ten percent.



*most expect an increase of <10%

Spending Outlook

The majority of study participants (45%) expect spending on employee relocations to stay the same. Thirty-seven percent expect spending to increase, and thirteen percent expect relocation spending to decrease. Among participants that expect an increase in spending, most expect an increase of less than ten percent.



*most expect an increase of <10%

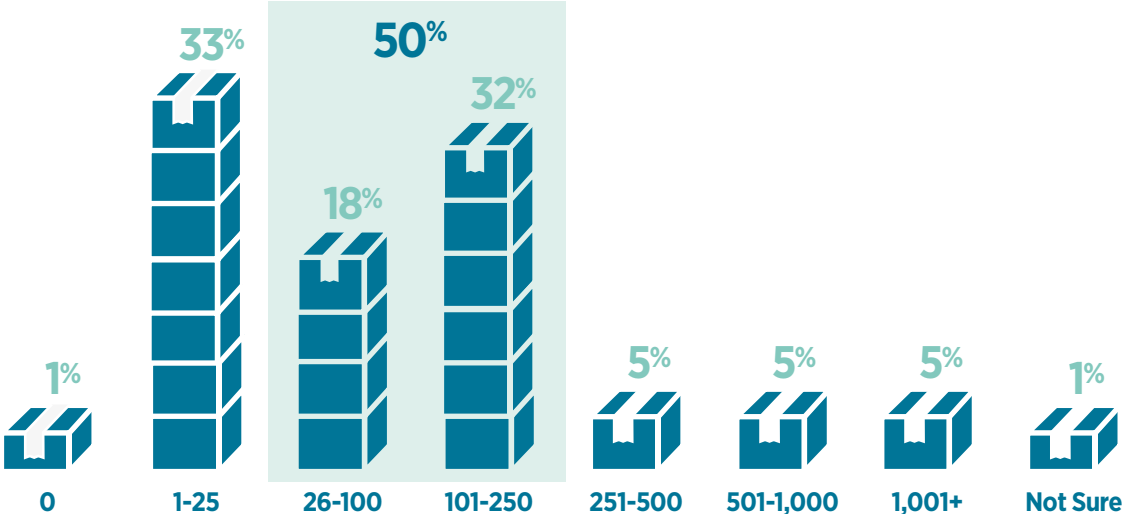
Relocation Volumes

Transfer Volumes

Most of the organizations that participated in this study handled 250 or fewer homeowner transfers. 50% of the organizations transferred between 26 and 249 homeowners.



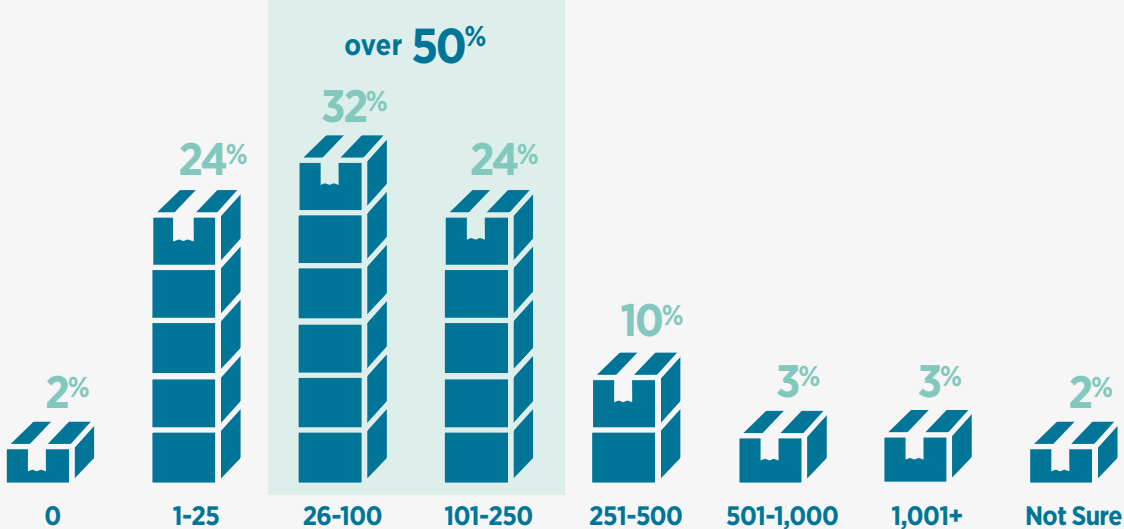
Homeowner



Thirty-two percent of organizations report handling between 26 - 100 renter transfers over the prior fiscal year. Over half of the organizations transferred between 26 and 250 renters



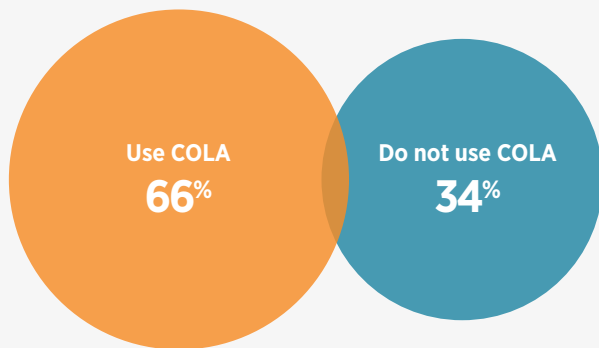
Renter



RELOCATION POLICY OVERVIEW

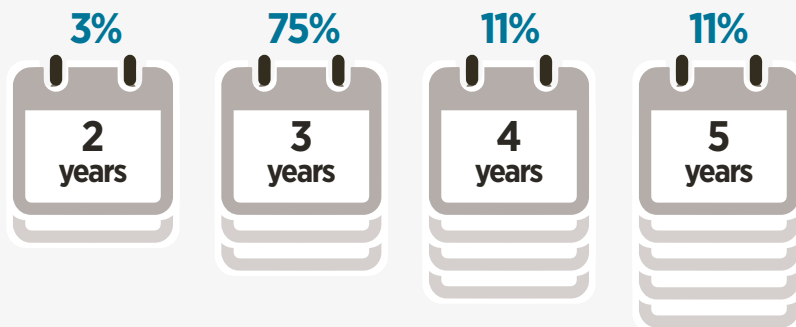
COST-OF-LIVING ALLOWANCES (COLA)

Sixty-six percent of study participants report offering Cost-of-Living Allowances as part of their relocation policies.



The majority of study participants report using a typical COLA payout schedule of 3 years (75% of study participants). Over 95% of companies that use a 3 year payout schedule use a declining payout plan of 100%, 67%, 33%.

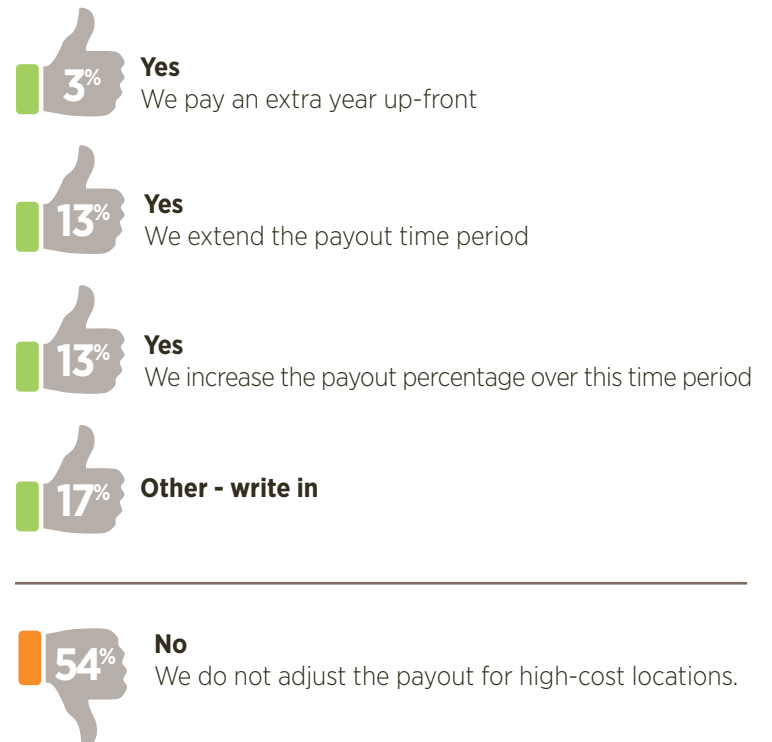
COLA PAYOUT SCHEDULE



Extreme high-cost locations

To handle excessively high-cost locations, 46% of study participants increase the cost-of-living payout amount in some manner. Some organizations (13%) accomplish this by extending the payout time period, while others (13%) increase the payout percentage.

DO YOU ALTER OR ADJUST PAYOUTS FOR EXCESSIVELY HIGH-COST LOCATIONS?



Relocation Policy Overview: Cost-of-Living Allowances (COLA)

Definition of “extreme high-cost locations”

Among companies that define extreme high-cost locations, 71% define them as: “post-move locations that are xx% higher than the pre-move location.”

Post-move locations that are x% higher than a standard base location



Post-move locations that are x% higher than the pre-move location



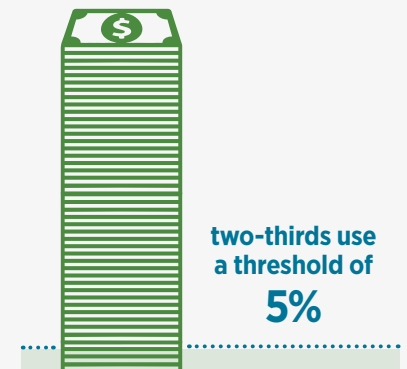
COLA Thresholds

For organizations that use a threshold when calculating the COLA payout, 61% pay only the COLA amount above the threshold. Thirty-nine percent pay the total amount, including the amount below the threshold. The most common threshold is 5%.

To maintain equity among all transferees, Runzheimer highly recommends only paying the amount above the threshold.

61%
Pay amount
above threshold

39%
Pay the
total amount

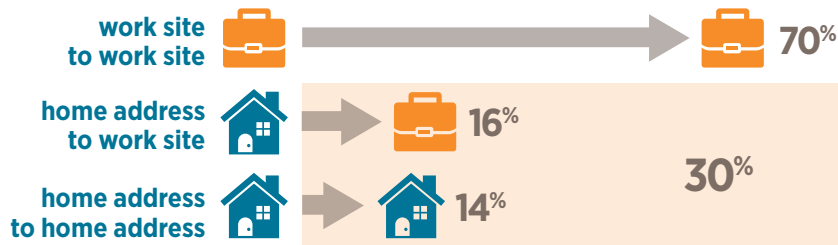


Relocation Policy Overview: Cost-of-Living Allowances (COLA) Cont'd

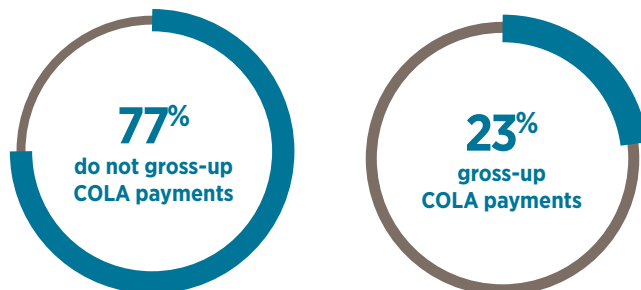
When performing a cost-of-living-allowance calculation, most organizations (70%) report using a work site to work site comparison. Using a home address as either the pre-move or the post-move location is used by 30% of organizations.

To maintain equity across transferees, Runzheimer highly recommends using work site to work site for both pre- and post-move locations.

APPROACH TO CHOOSING LOCATIONS FOR COLA

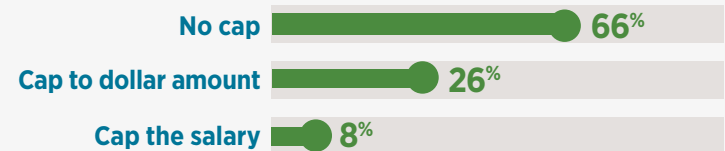


A majority of study participants, 77%, do not gross-up COLA payments.



COLA Caps

The majority of organizations do not cap the COLA benefit (66%). Twenty-six percent of organizations that participated in the study cap the COLA to a specific dollar amount, and eight percent cap the salary used to calculate the COLA.



Study participants that use dollar amount caps report using these values :



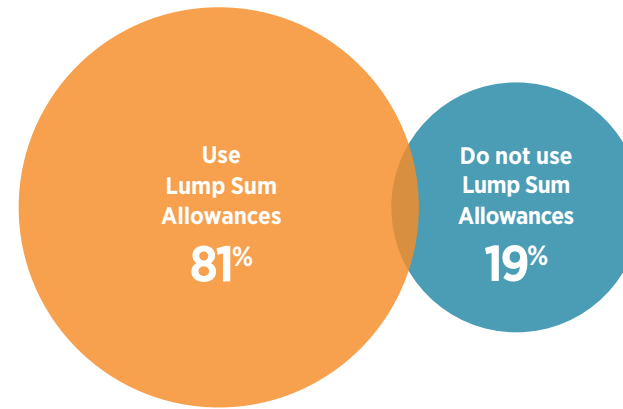
The most common salary caps cited to calculate COLAs were:



RELOCATION POLICY OVERVIEW

LUMP SUM ALLOWANCES

The majority of study participants (81%) report using Lump Sum Allowances to deliver some of their relocation benefits. Lump sum allowances come in various shapes and sizes: some are all-inclusive and others are used to address specific components of a relocation. For compliance reasons and ease of administration, Runzheimer recommends delivering relocation benefits that consist of T&E-type expenses using a Lump Sum Allowance to cover Home Finding trips, Temporary Living expenses and Final Move travel expenses.



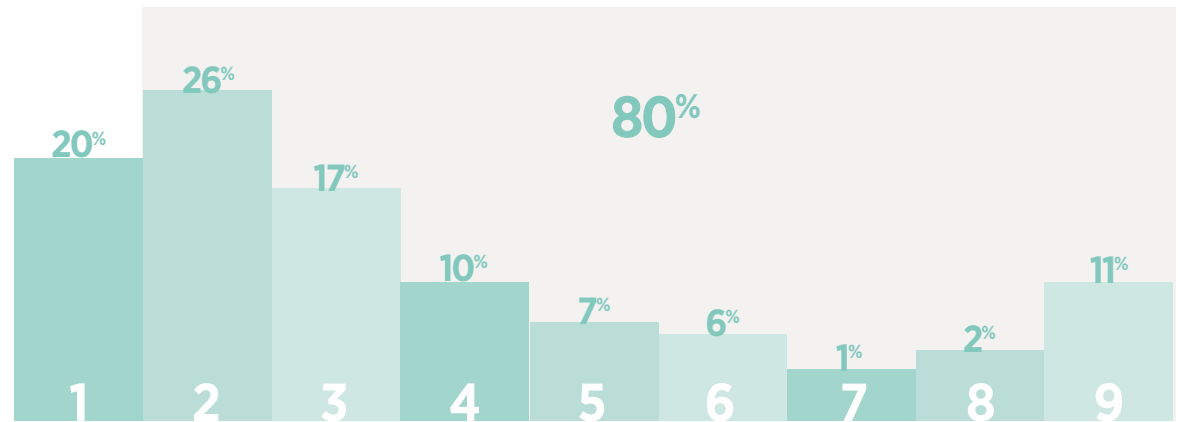
Study participants report that the employee segments most likely to receive lump sums are new hires (96%) and existing employees (87%). Executives are least likely to receive a lump sum allowance (65%). Renters were identified as more likely than homeowners to receive a lump sum allowance.



Relocation Policy Overview: Lump Sum Allowances Cont'd

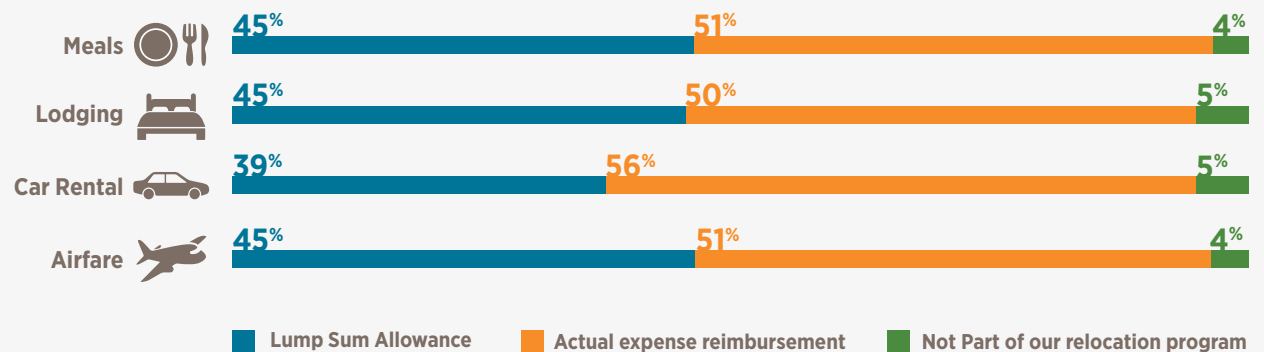
Eighty percent of organizations have more than one lump sum allowance policy. It is most common for organizations to have two lump sum allowance policies (26% of organizations).

NUMBER OF LUMP SUM ALLOWANCE POLICIES



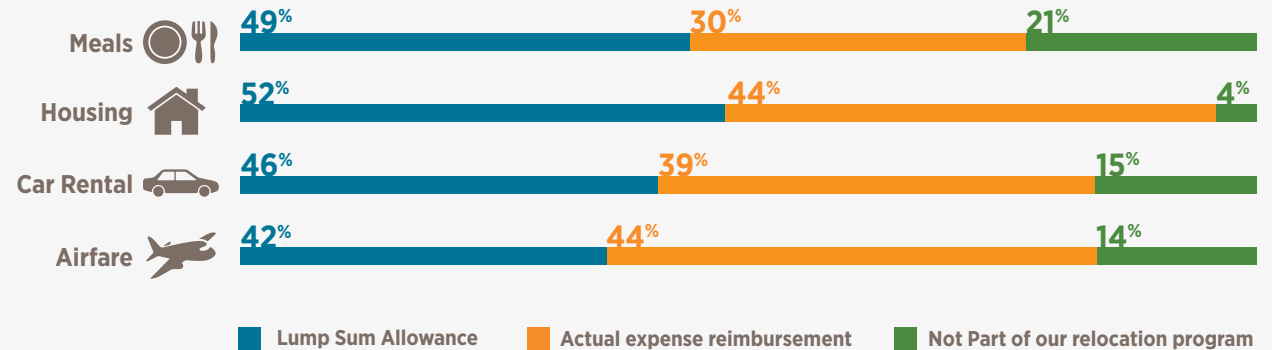
Nearly half of the organizations deliver Home Finding expenses using a Lump Sum Allowance.

HOME FINDING EXPENSES



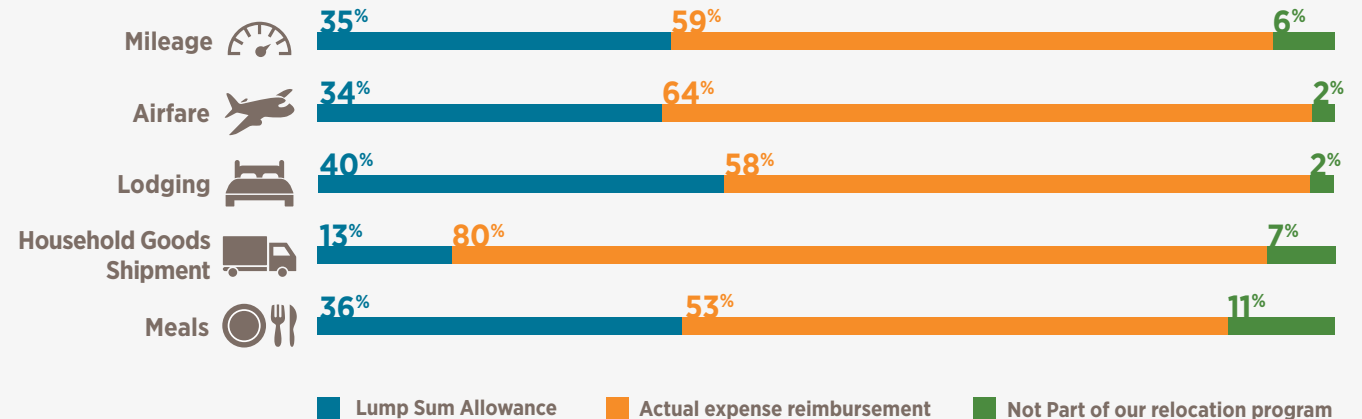
Study participants report using a lump sum allowance approach more frequently to deliver temporary living benefits than actual reimbursement. Housing is the most common component to be included in a lump sum allowance (52% of organizations).

TEMPORARY LIVING BENEFITS



Final move expenses are the component that is most frequently excluded from the lump sum allowance. The majority of organizations that participated in this study report using actual expense reimbursement more frequently for final move components. Organizations are least likely to include the cost to ship household goods in the lump sum allowance. This is not surprising for several reasons: this is a tax-free benefit in the U.S. and is often a component that the organization wants to ensure that the employee gets the needed assistance from professional moving companies.

FINAL MOVE EXPENSES



Relocation Policy Overview: Lump Sum Allowances Cont'd

Among organizations that use airfare data to pay a relocation benefit, the most frequent type of airfare included in lump sum allowances is Economy Class with at least a 14-day advance purchase.

LUMP SUM AIRFARE TYPE

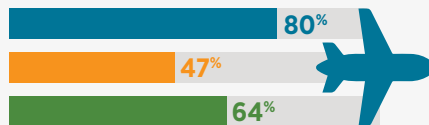
Economy 0-13



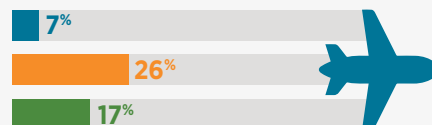
First Class



Economy 14+



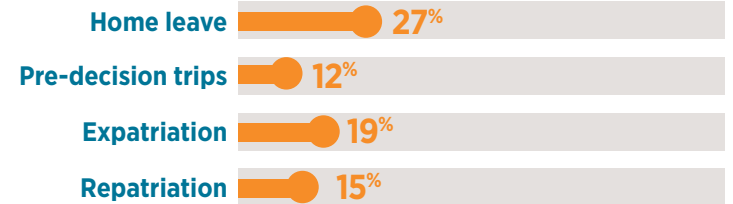
Not Included



Business



Organizations that participated in this study also use airfare data as part of lump sum allowances related to international assignments.



Drive/fly thresholds in Lump Sum Allowance policies

The most common drive/fly thresholds which determine whether reimbursement is for mileage or airfare is 250 miles for home finding and temporary living and 500 miles for final move.

	Home Finding	Temp Living	Final Move
0 Miles	1%	9%	8%
<150 Miles	1%	1%	1%
150 Miles	1%	0%	0%
200 Miles	9%	4%	2%
250 Miles	48%	47%	8%
300 Miles	16%	11%	7%
350 Miles	10%	8%	4%
400 Miles	8%	7%	19%
500 Miles	6%	10%	42%
>500 Miles	0%	3%	9%

Home Finding Components

A single home finding trip is standard for most lump sum allowance policies. A minority of policies, 18%, include a second home finding trip.

NUMBER OF HOMEFINDING TRIPS ALLOWED



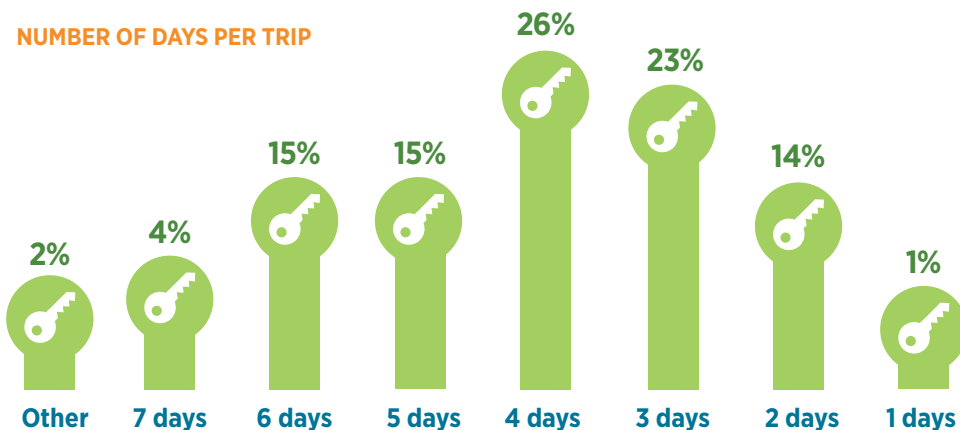
82%
1 trip



18%
2 trips

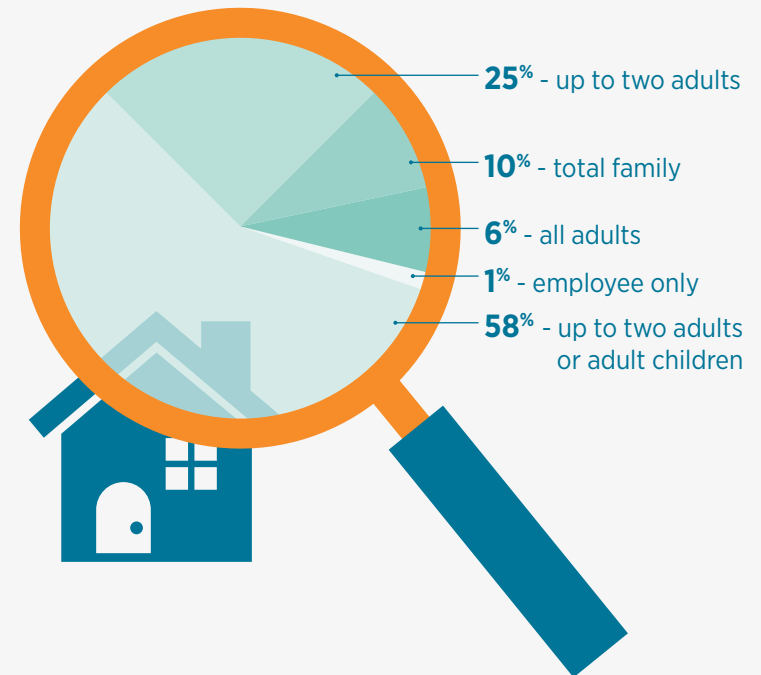
Typical lump sum policies include a home finding trip ranging from two to six days. Nearly half of home finding trips are either four days (26%) or three days (23%) in length.

NUMBER OF DAYS PER TRIP



The most common practice for family members included in home finding trips is up to two adults or adult children (58%). Two adults are covered in 25% of policies and entire families are covered in ten percent of policies.

WHO CAN GO?

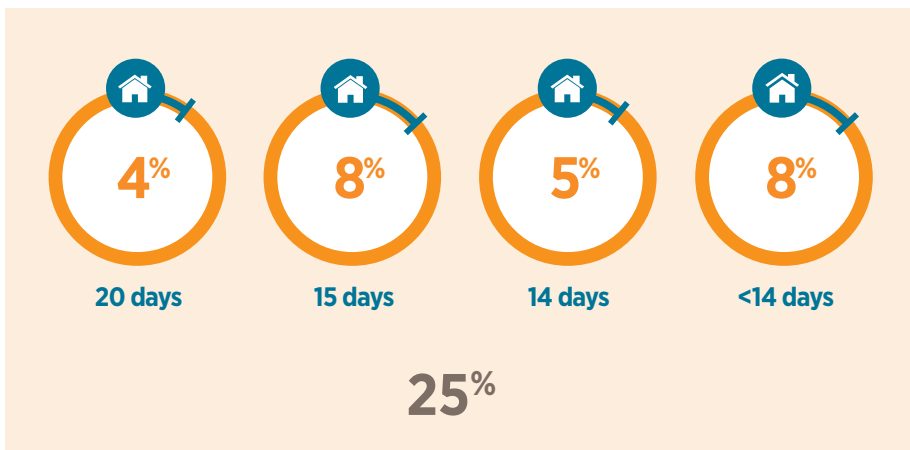
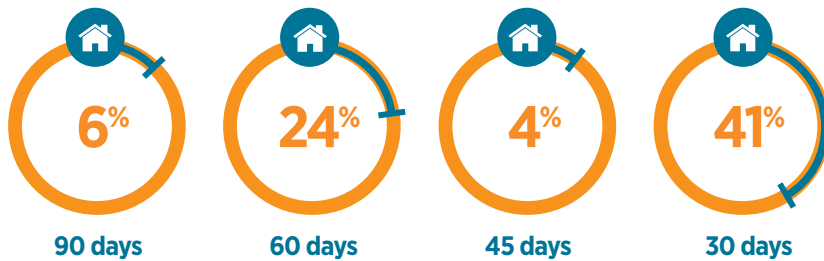


Relocation Policy Overview: Lump Sum Allowances Cont'd

Temporary Living Components

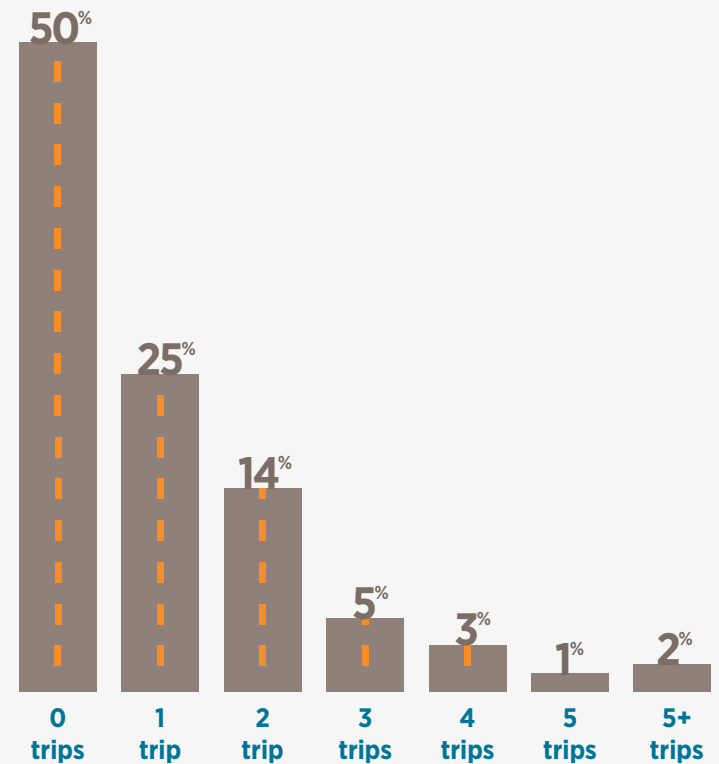
The most frequent number of days allowed for a Temporary Living benefit is 30 days (41% of policies). Twenty-five percent of policies allow for less than 20 days.

TEMPORARY LIVING DAYS



Half of lump sum allowance policies do not include any commutation trips home while transferees are in temporary living arrangements. One commutation trip is included in 25% of policies, and two trips are included in 14% of policies.

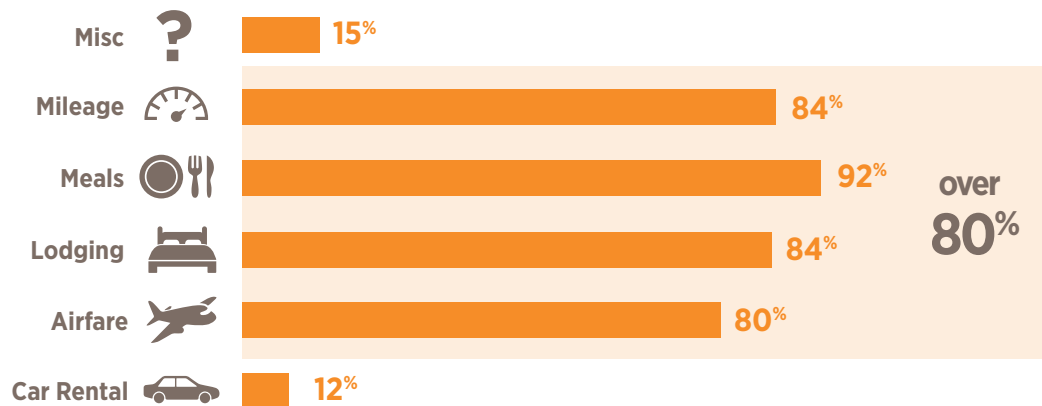
NUMBER OF COMMUTATION TRIPS WHILE IN TEMP LIVING



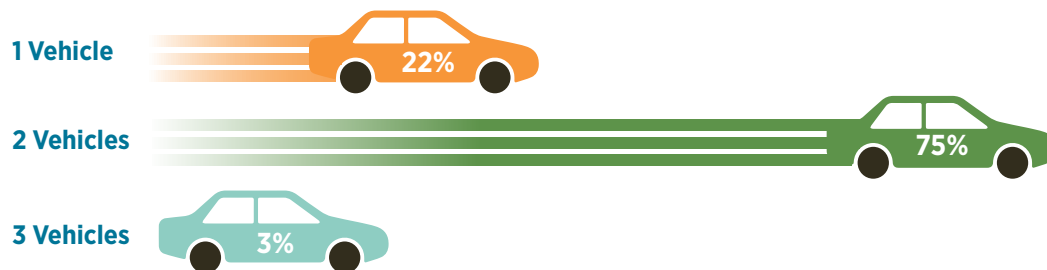
Final Move Components

For organizations that deliver final move benefits using a lump sum allowance, mileage, meals, lodging, and airfare are included in more than 80% of these policies. Twelve percent of policies include a car rental allocation.

ELEMENTS INCLUDED

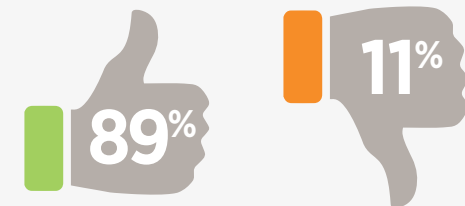


Most relocation policies (75%) allow for shipping of two vehicles, but only one vehicle is allowed in 22% of policies.

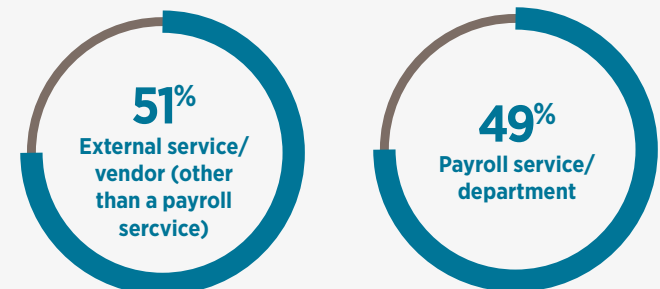


The majority of study participants (89%) report applying a gross-up to taxable lump sum allowance components. Fifty-one percent report having an external service or vendor, other than a payroll service, calculate gross-up amounts.

Gross-up taxable lump sum components?



Responsibility for calculating gross-up amounts



Runzheimer, a relocation, compensation and business vehicle technology and solutions provider, is the recognized leader in mobile workforce management. We help organizations increase agility, reduce costs, and improve satisfaction through fair, accurate and defensible™ reimbursement programs. Our solutions deliver an effortless experience for employees while providing data, visibility and actionable intelligence for managers and executives. We understand the mobile workforce is driven by data. Our technologies integrate with your big data tools—building on and enhancing the systems you have in place today.



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