

Careless Corporate Relocations Hurt Bottom Line

By Mark Rusnak

Businesses battle it out each day on many fronts to gain an advantage over their competitors. Many times it means hiring a new executive with the exact skills needed to move the company forward.

Before his or her first day on the job, the new executive could save the company tens of thousands of dollars. A nice way to start the new relationship.

The savings is determined by the type of move being made.

If the executive's new company uses direct reimbursement for moving expenses, tens of thousands of dollars are being unwisely paid in taxes because moves can range from \$5,000 to more than \$50,000. This sounds like a small amount to a large corporation, but when multiplied by four to five moves a year, it can greatly affect the bottom line.

Expenses include shipment of household goods, travel to the new location, home finding expenses (one trip, three days), temporary living expenses (90 days at \$150 a day), return trips (two per month), purchase closing cost assistance, home sale expenses, and tax gross-up costs. In the end, it's a whopping bill that will be taxed according to the reimbursement amount.

However, if the executive, or the company, works with a third party relocation company, most of these expenses become a write-off instead of taxable income to the new employee. Getting to that favorable number takes a professional relocation company that knows how to tax protect moving expenses.

The relocation company also serves as the single point of contact to the new executive during the entire move. While this aspect of the move is less tangible than the savings, it affects the bottom line. Many times, how a new hire gets from Somewhere, USA to Hampton Roads is usually not the company's concern. But a family or single move can be daunting and affects a new hire's productivity.

In a perfect world, the new executive sells the home in record time, whisks into town, quickly locates the perfect family home, gets the kids into the right schools, and swiftly resumes the fast-paced corporate life -- all without skipping a beat.

Unfortunately, I haven't seen that happen yet. These folks need help obtaining volume discounts with movers and other vendors, selling the home quickly at the highest possible price, finding a new home fast, recommending child or elder-care services, helping the trailing spouse find a new job, and making the entire evolution as painless as possible. The easier the move, the more productive the employee.

As the Hampton Roads economy grows, more companies will bring in new executives to lead the way. If done correctly, corporate relocations can save the company tens of thousands of dollars, plus provide a stress free move and a more productive employee.

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