

AN HR LEADER'S GUIDE

Building Your First Corporate Relocation Policy

A step-by-step framework for creating a relocation program that attracts talent, controls costs, and supports employees through every stage of their move.

We bring your company growth faster.



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Relocation benefits are often a prospective employee's first impression of your company culture. A thoughtful, well-structured policy signals that your organization values its people and invests in their success.



WHY YOUR RELOCATION POLICY MATTERS

If your organization is growing, expanding into new markets, or competing for top talent, employee relocation is likely already on your radar. But without a formal relocation policy, you risk runaway costs and frustrated employees who feel unsupported during one of the most stressful transitions of their lives.

A well-designed relocation policy is a strategic tool that directly impacts your ability to recruit and deploy talent where the business needs it most.

This guide is designed for HR leaders who are building a relocation program for the first time or significantly revising an existing one.

We will walk through the essential components of domestic, international, and executive relocation policies, address current tax and compliance considerations, and provide actionable steps to help you get started.

THE CURRENT STATE OF CORPORATE RELOCATION

Corporate relocation is experiencing a period of recalibration. After several years of rapid change driven by remote work adoption, return-to-office mandates, and economic uncertainty, the relocation landscape in 2025 and 2026 has stabilized into a more strategic, purposeful pattern.

58%

of companies reported employees declining relocation in 2024, down from 68% in 2021

\$20B+

projected value of the corporate relocation services market in 2025

40%

of organizations anticipate more relocations or assignments in 2025

\$97K

average relocation package cost for homeowner employees

Sources: [Atlas Van Lines 2025 Corporate Relocation Survey](#) | [Coherent Market Insights](#) | [CapRelo 2026 Report](#)

Several forces are shaping the relocation environment that HR leaders need to understand:

Return-to-Office Mandates Are Driving Demand

Over 60% of companies now require full, on-site return to work, according to the [2025 Atlas Corporate Relocation Survey](#). This shift is generating new relocation needs as companies ask remote employees to move closer to their offices or consolidate operations in strategic locations.

Housing Market Pressures Remain Significant

U.S. housing supply continues to sit below balanced-market levels, and mortgage rates have remained elevated. This creates real challenges for relocating employees, particularly homeowners who may be reluctant to trade a low-rate mortgage for a higher one.

Flexibility Is Replacing One-Size-Fits-All

The industry is shifting away from rigid, standardized relocation packages toward more flexible, policy-dependent benefits that can be tailored to individual employee needs. As [WorldatWork reports](#), HR departments are increasingly moving beyond simple lump-sum benefits and adopting employee experience-focused approaches. This personalized approach tends to increase employee satisfaction without necessarily increasing cost, provided the policy is designed with clear parameters.

7 FOUNDATIONS OF A STRONG RELOCATION POLICY

For companies just beginning to develop a relocation program, it is crucial to establish a clear and comprehensive policy. The following seven elements form the foundation of an effective relocation policy:

1. Cultural and Financial Goals

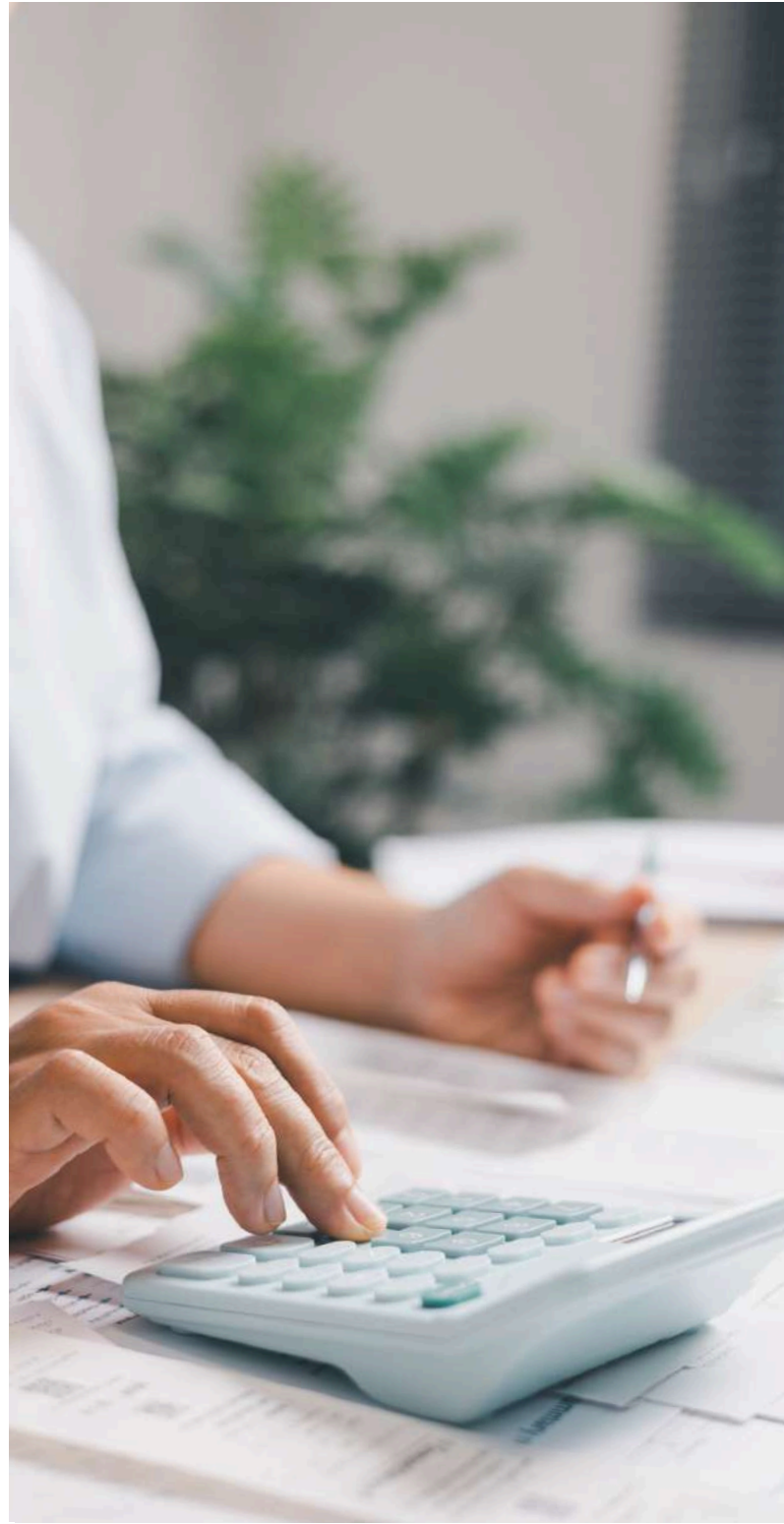
Define both the cultural and financial objectives for your relocation policy. What kind of experience do you want relocating employees to have? What budget constraints does the organization need to respect? Striking the right balance here is essential, because relocation benefits are often a prospective employee's first meaningful interaction with your company.

2. Eligibility Criteria

Specify who qualifies for relocation benefits. Common criteria include employment status (full-time versus contract), role type (individual contributor versus manager), transfer category (new hire versus internal transfer), and minimum distance requirements. Clear eligibility rules prevent confusion and ensure consistent administration.

3. Covered Expenses

Determine which services and expenses the policy will cover. This typically includes moving household goods, travel to the new location, temporary housing, and assistance with housing transactions. We will detail the full range of domestic, international, and executive benefits in the sections that follow.



4. Reimbursement vs. Direct Billing

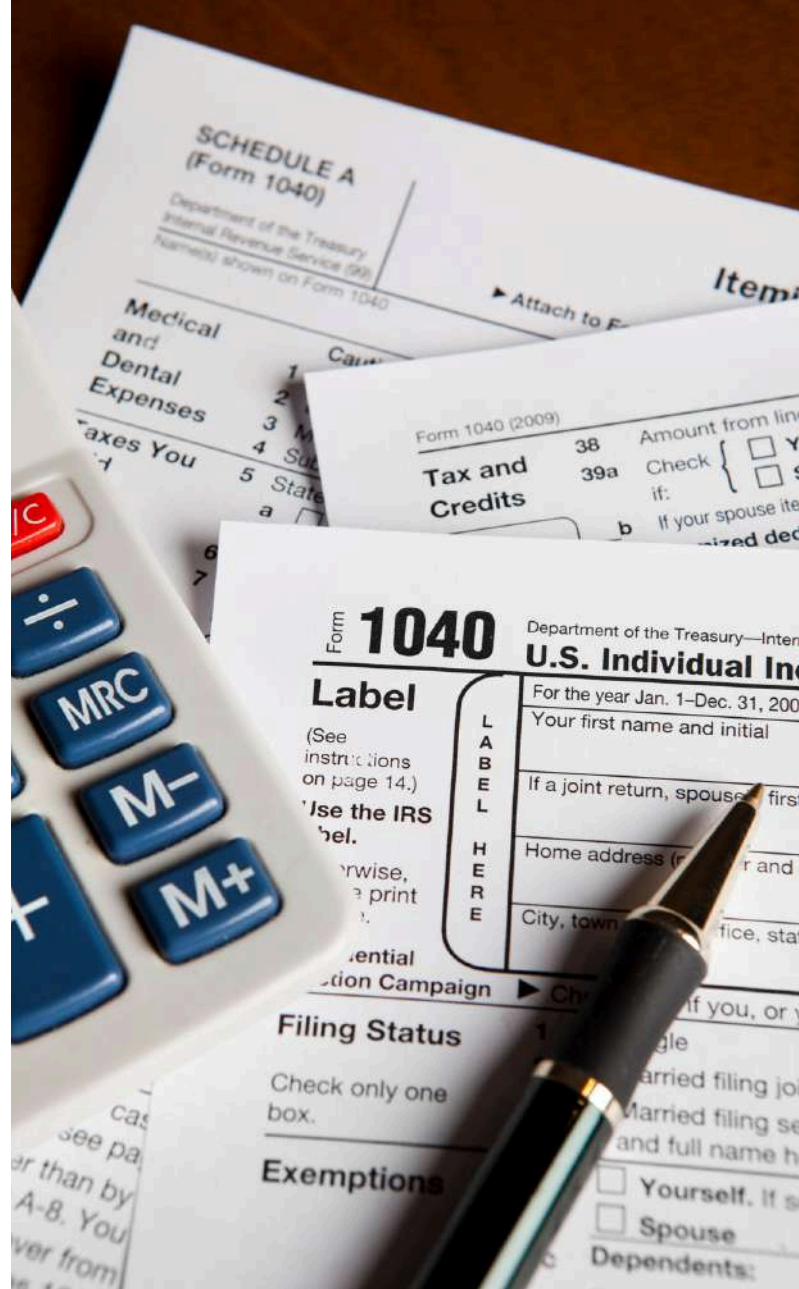
Decide whether employees will pay upfront and submit receipts for reimbursement, or whether the organization will pay vendors directly. Direct billing tends to reduce the financial burden on employees and gives the company more control over costs but requires stronger vendor relationships and administrative processes.

5. Tax Considerations

Ensure your policy accounts for current tax regulations. Under federal law, most relocation benefits are taxable income to the employee. HR leaders need to decide whether the organization will offer tax gross-up assistance and how it will communicate the tax impact to employees. We cover this topic in detail in Section 7.

6. Tiered Benefits

Consider offering different benefit levels based on job level, role criticality, or family situation. A new individual contributor relocating from a rental apartment has very different needs than a senior vice president selling a home and moving a family of five. Tiered policies allow you to invest more heavily where the business impact is greatest while maintaining a baseline of support for all eligible employees.



7. Vendor Support

Identify trusted partners for household goods moving, housing coordination, and other support services. Many organizations find that partnering with a relocation management company (RMC) simplifies administration significantly, as the RMC can coordinate across all vendor categories and serve as a single point of contact for both HR and the relocating employee.

By addressing these seven elements, you create a foundation that is clear, flexible, and aligned with both your corporate culture and business objectives.

CORE BENEFITS: U.S. DOMESTIC RELOCATION



A comprehensive U.S. domestic relocation policy should cover the core benefits that support an employee through every phase of their move. The following benefits represent the standard framework used by most corporate relocation programs:

Home-Finding Trip

Employer-sponsored trip(s) to the destination location so the employee (and often their spouse or partner) can identify suitable housing. This is typically one to two trips, with the company covering airfare, hotel, rental car, and meals. Home-finding trips significantly reduce the stress of relocating to an unfamiliar area and help employees make informed housing decisions.

Temporary Living

Short-term housing assistance at the destination while permanent housing is secured. Most policies provide 30 to 90 days of furnished temporary housing, though the duration may vary depending on local market conditions and whether the employee is renting or purchasing. In tight housing markets, temporary living provisions are especially critical.

Renter Assistance



Support for employees who rent, including lease termination assistance, security deposit coverage, and rental search services at the destination. With housing affordability pressures and limited apartment availability in many markets, this benefit has become increasingly important.

Home Sale Assistance

Assistance with selling the employee's primary residence, which may include home marketing support, broker opinion of value coordination, or loss-on-sale protection. Some companies use a Buyer Value Option (BVO) program, where a relocation management company purchases the home at appraised value. According to [Signature Relocation](#), BVO programs can save over \$15,000 per transaction in taxes and fees by structuring the sale as a third-party transaction rather than an employer reimbursement.

Home Purchase Assistance

Support for purchasing a primary residence at the destination, including closing cost assistance where applicable. In an environment of elevated mortgage rates, some companies are expanding this benefit to include mortgage rate buydown assistance or extended home-finding timelines.





Household Goods Move

Packing, transportation, and delivery of household goods through an approved relocation vendor. This includes professional packing, loading, transit, delivery, and unpacking of the employee's belongings. The average size of household goods shipments has been declining in recent years, reflecting broader trends in cost-conscious corporate policies and changing lifestyles.

Expense Management

Administration, reimbursement, and reporting of eligible relocation expenses in accordance with policy guidelines. Strong expense management processes help HR teams track spending, identify cost-saving opportunities, and maintain compliance.

Miscellaneous Allowance

A lump-sum or reimbursable allowance intended to offset incidental relocation-related expenses that fall outside the policy's defined benefits. Common uses include utility connections, driver's license transfers, vehicle registration, and other settling-in costs.

Payback Agreement

A repayment obligation requiring the employee to reimburse some or all relocation expenses if employment terminates within a specified period, typically one to two years. Payback agreements protect the company's investment while giving employees a clear understanding of their commitment. These agreements should be signed before relocation expenses are incurred.



EXPANDING YOUR POLICY: GLOBAL MOBILITY

When employees relocate internationally, the complexity increases substantially. A global mobility relocation policy should include all benefits offered under a domestic policy, plus additional support to address the legal, financial, and cultural challenges of cross-border moves.

International relocations can cost two to three times more than domestic moves and involve significantly more regulatory and compliance considerations. Partnering with experienced providers is especially important for global assignments.



Visa and Immigration Support

Sponsorship, processing, and administration of required work authorization, visas, and permits for the employee and eligible dependents. Immigration timelines and requirements vary widely by country, and delays can derail entire assignment plans. Working with qualified immigration counsel is essential.

Tax Consultation Support

Access to tax advisory services to assist with host-country and home-country tax compliance and planning. International assignments create complex tax obligations, and employees need professional guidance to avoid compliance issues and unexpected liabilities.

International Household Goods Shipments

Air and/or sea shipment of household goods, including customs coordination and delivery. Shipment sizes are typically determined by family size and assignment duration. As [TRC Global Mobility reports](#), geopolitical tensions in regions including the Middle East and Ukraine are impacting freight costs and transit times, which should be factored into international shipment planning.

Destination Services

Settling-in services for the employee and family, including area orientation, school search assistance, and help navigating local healthcare, banking, and transportation systems. Family satisfaction at the destination is one of the strongest predictors of assignment success. The [Atlas Van Lines survey](#) found that family responsibilities remain the leading reason employees decline relocation offers.

Language and Cultural Training

Training programs designed to support cultural integration and professional effectiveness in the host location. Even when the business language is English, cultural nuances in communication, management styles, and social expectations can significantly impact an employee's ability to perform and feel at home.

Vehicle Assistance

Transportation support, which may include a driver, rental vehicle, car purchase assistance, or vehicle leasing, depending on the location and assignment type. Vehicle needs vary significantly by country and city, and what works in one location may not be appropriate in another.



EXECUTIVE AND C-LEVEL RELOCATION

C-level executives and other designated high-value talent may be eligible for enhanced relocation benefits. The rationale is straightforward: executive relocations carry outsized business impact, and the cost of a failed executive move, both in terms of financial loss and leadership disruption, is far greater than the incremental investment in premium support.

In addition to applicable domestic or global relocation benefits, executive-level relocations may include:

White-Glove Relocation Services

End-to-end concierge support, including personalized coordination and dedicated service management. This means a single point of contact who manages every aspect of the move, from scheduling to vendor coordination, so the executive can remain focused on the business.

Extended Benefit Periods

Longer eligibility timelines for standard relocation benefits, as approved. For example, where a standard employee might receive 60 days of temporary housing, an executive might receive 90 to 120 days to account for the time required to sell a higher-value home and find appropriate housing.

Enhanced Household Goods Services

Premium moving services, including full unpacking, home setup, and organization. This goes beyond standard delivery and unpacking to include arranging furniture, organizing closets and kitchens, hanging artwork, and ensuring the new home is fully livable from day one.

Executive Perquisites

Additional services such as airport meet-and-greet, private transfers, welcome packages, grocery delivery, and chef or meal preparation services. These benefits allow for minimized disruption to the executive's schedule while ensuring they can be productive immediately upon arrival.

Executive relocation benefits are typically provided on an exception or approval basis. Clear governance is important to ensure consistency and cost control while still providing the flexibility that executive hires expect.

TAX CONSIDERATIONS HR LEADERS MUST UNDERSTAND

Tax treatment of relocation benefits is one of the most important and most misunderstood aspects of corporate relocation policy. Getting this wrong can create financial surprises for employees and compliance risks for the organization.

The Current Federal Tax Landscape

The Tax Cuts and Jobs Act (TCJA) of 2017 suspended the moving expense tax deduction for most taxpayers, effective for tax years 2018 through 2025. The original expectation was that this suspension would expire and the deduction would be reinstated in 2026.

However, the One Big Beautiful Bill Act (OBBBA), passed in July 2025, permanently eliminated the moving expense deduction for non-military taxpayers. This means that for the foreseeable future, all employer-provided relocation benefits, whether paid as lump sums, reimbursements, or direct vendor payments, are treated as taxable income to the employee.

The only current exceptions to the taxability of relocation benefits are for active-duty members of the U.S. Armed Forces moving under permanent change-of-station orders, and beginning in 2026, certain members of the U.S. intelligence community.

What This Means for HR Leaders

Every dollar your company spends on an employee's relocation, including direct payments to moving companies, temporary housing providers, and real estate professionals, must be reported as taxable income on the employee's W-2. This can create a significant and unexpected tax liability for relocating employees.

For example, an employee receiving \$50,000 in relocation benefits could see their taxable income increase by that full amount, potentially pushing them into a higher tax bracket and generating thousands of dollars in additional tax liability.



Tax Gross-Up: A Critical Policy Decision

Many companies address this issue by offering a “tax gross-up,” where the employer reimburses the employee for the additional taxes incurred due to relocation benefits. While this adds cost to the relocation (typically 25% to 40% on top of the relocation expenses), it eliminates a major source of employee dissatisfaction and demonstrates genuine care for the employee’s financial well-being.

If your organization chooses not to offer a full gross-up, it is essential to clearly communicate the tax implications to employees before they accept a relocation offer. Transparency here prevents frustration and builds trust.

Buyer Value Option (BVO) Advantage

For homeowner relocations, [Buyer Value Option programs](#) can offer meaningful tax savings. In a BVO arrangement, the relocation management company purchases the employee’s home at appraised market value and handles the resale. Because the transaction is structured as a sale to a third party rather than an employer reimbursement, it can reduce the taxable event, often saving \$15,000 or more per transaction in taxes and fees.



GOVERNANCE, EXCEPTIONS, AND POLICY ADMINISTRATION

A well-written policy is only as effective as the processes that support it. Strong governance ensures your relocation program operates consistently, controls costs, and adapts to changing business needs.

ELIGIBILITY AND APPROVAL WORKFLOWS

Establish clear processes for who approves relocations, at what cost thresholds additional approval is required, and how exceptions are handled. For standard relocations, HR or the hiring manager may have authority. For executive relocations or exceptions to policy, you may require sign-off from senior leadership or a designated mobility committee.

EXCEPTION MANAGEMENT

No policy can anticipate every situation. Build a formal exception process that requires written justification, appropriate approval levels, and documentation. Track exceptions over time to identify patterns that may warrant a policy revision.

POLICY REVIEW CADENCE

Plan to review your relocation policy at least annually. Market conditions, tax laws, housing costs, and competitive benchmarks all evolve over time, and a policy that was competitive two years ago may no longer be. Annual reviews also give you the opportunity to incorporate feedback from employees who have recently gone through the relocation process.

COST CONTROLS

Establish spending caps by benefit category, require competitive bids for major services (like household goods moves), and implement regular reporting to compare budgeted versus actual costs. Companies that monitor relocation spending closely are better positioned to identify cost-saving opportunities without compromising employee experience.

VENDOR MANAGEMENT

Whether you work with individual service providers or a single relocation management company, establish clear performance expectations, service level agreements, and regular review cycles. Your vendors are an extension of your brand, and the employee's experience with them will shape their perception of your entire relocation program.

GETTING STARTED: YOUR ACTION PLAN

Building a relocation policy from scratch can feel overwhelming, but it does not have to be. Here is a practical, phased approach to getting your program off the ground:

PHASE 1: ASSESS & DEFINE (WEEKS 1-4)

- Survey key stakeholders (HR, finance, hiring managers, executives) to understand current and anticipated relocation needs
- Define your program's cultural and financial goals
- Benchmark competitors and industry peers to understand standard benefit levels
- Identify your likely relocation volume and mix (domestic, international, executive)

PHASE 2: DESIGN & DRAFT (WEEKS 5-8)

- Draft eligibility criteria and tiered benefit levels
- Define covered expenses for each tier (domestic, global, executive)
- Establish your position on tax gross-up, reimbursement versus direct billing, and payback agreements
- Work with legal and tax counsel to ensure compliance
- Create your exception process and governance framework

PHASE 3: PARTNER & IMPLEMENT (WEEKS 9-12)

- Evaluate and select relocation vendor partners or a relocation management company
- Finalize and publish your relocation policy document
- Train HR team members and hiring managers on the new policy
- Create employee-facing communications and resource materials
- Establish reporting and tracking processes

PHASE 4: MONITOR & REFINE (ONGOING)

- Collect feedback from relocated employees within 30 and 90 days of their move
- Track costs against budget and identify trends
- Review exception requests quarterly for patterns
- Conduct a comprehensive policy review annually

You don't have to build this alone. A relocation management company with deep experience in policy design can help you benchmark, draft, and implement a program tailored to your organization's size, budget, and talent strategy.

SOURCES

The following sources informed the research and data cited throughout this guide:

[Atlas Van Lines: 2025 Corporate Relocation Survey \(58th Edition\)](#) — Industry benchmark data on relocation volumes, employee acceptance rates, and policy trends.

[CapRelo: Average Relocation Package Cost in 2026](#) — Current cost benchmarks for domestic relocation packages.

[NRI Relocation: Impact of H.R. 1 on Relocation Tax Deductions](#) — Analysis of the One Big Beautiful Bill Act and its permanent elimination of the moving expense deduction.

[Experian: Is My Relocation Package Taxable? \(2026\)](#) — Overview of current tax treatment for relocation benefits.

[Site Selection Group: Corporate Headquarters Relocation Trends — A Reset in 2025](#) — Analysis of headquarters relocation activity and strategic trends.

[TRC Global Mobility: 2025 Relocation Supplier Trends](#) — Insights on housing, temporary living, and household goods trends.

[WorldatWork: Are Relocation Benefits a Thing of the Past?](#) — Research on relocation rates, flexible policy design, and employee experience.

[UrbanBound: The Future of Employee Relocation — Trends and Predictions for 2025](#) — Industry trends including lump-sum adoption, personalization, and technology.

[Signature Relocation: Tax Implications of Relocation \(December 2025\)](#) — Tax strategies including BVO programs and gross-up calculations.

[Coherent Market Insights: Corporate Relocation Service Market Report \(2025–2032\)](#) — Market size and growth projections for the corporate relocation industry.

ABOUT INTERSTATE

Interstate Moving | Relocation | Logistics has been helping companies and employees navigate the complexities of corporate relocation for over 80 years. As a three-generation, family-owned company, we understand that successful relocations require more than logistics. They require genuine care for the people involved.

We work with HR teams, mobility managers, and business leaders across the country to design and execute relocation programs that balance cost efficiency with outstanding employee experiences. From a single domestic move to a comprehensive corporate mobility program, our team provides the personalized, hands-on support that makes the difference between a relocation that merely gets done and one that sets an employee up for long-term success.

Our Relocation Services Include:

- Household goods moving (domestic & international)
- Move management & coordination
- Relocation program design and policy consulting
- School search assistance
- Tax liability navigation
- Expense management & reporting
- Regulatory compliance
- Home sale assistance
- Executive & white-glove relocation services

Ready to build or strengthen your relocation program?

Contact Interstate to learn how we can help you create a policy and partnership that supports your talent strategy and your people.

