



Tailoring an Offer Letter for Employee Relocation

A Practical Guide for Companies Without Relocation Policies

The convergence of technology, changing work preferences, talent shortages, and a shifting business landscape has compelled smaller companies to rethink their traditional approach to recruiting. By looking beyond their local talent pool, these companies position themselves to access a more diverse and skilled workforce, enabling them to thrive in an increasingly competitive business environment.

While this opportunity to explore talent from a more geographically dispersed workforce offers exciting possibilities, it also introduces a set of challenges, particularly when it comes to crafting an offer letter in the absence of a formal relocation policy. It's tempting to agree to cover relocation expenses, especially if the candidate has expertise in a specialized field that will yield product or services innovation. Without a formal relocation policy, an offer letter should include some guidelines to mitigate risk and control expenses.

Identify key considerations such as cost of living adjustments, temporary housing

arrangements, and transportation allowances. Although a formal policy may not exist, having a well-thought-out plan in place will demonstrate your company's dedication to making the relocation process as smooth as possible.

Equally important is providing clarity on timelines. Outline a realistic schedule for the relocation process, factoring in the candidate's current commitments, and be transparent about when they are expected to be on-site. A well-defined timeline helps manage expectations and reduces the risk of misunderstandings down the road.



While it's advisable to consult with a tax professional or legal advisor for specific guidance tailored to your situation, here are some general guidelines you may consider including in the offer letter:

Maximum Reimbursement Limit:

Specify a maximum limit on the relocation expenses you are willing to cover. This helps control costs and prevents any unexpected financial burdens. Clearly outline what expenses are eligible for reimbursement (e.g., moving company fees, travel costs, temporary housing).

Reimbursable Expenses:

Clearly define which expenses are eligible for reimbursement and which are not. This can include moving company fees, transportation costs, temporary housing, and possibly storage expenses. Exclude non-essential or extravagant costs and always ask if the candidate has expensive items to move, like artwork, a piano or a vintage car.

Documentation Requirements:

Establish a process for documenting and submitting expenses. Require the employee to provide receipts and documentation for all incurred expenses. This not only ensures accountability but also helps in case of tax audits.

Tax Considerations:

Clearly communicate that the employee is responsible for understanding and addressing any tax implications associated with the relocation assistance. Acknowledge that local tax laws may vary and recommend that the employee seek advice to understand the tax implications at both the current location and the new location.

Time frame for Expense Submission:

Set a reasonable time frame for the employee to submit their relocation expenses for reimbursement. This helps with timely processing and avoids delays in payment.

Clawback Provision:

Include a clawback provision that allows the company to reclaim the relocation expenses if the employee voluntarily resigns within a specified period after the relocation. This helps protect the company's investment in the employee.

Approved Vendors:

Specify any preferred or approved vendors for relocation services (e.g., moving companies). This can help ensure cost-effectiveness and quality of services.

Currency of Reimbursement:

Specify the currency in which reimbursement will be made, especially if the employee is relocating internationally.

Offer Expiry Date:

Clearly state an expiry date for the offer, emphasizing that the relocation assistance is contingent upon the employee accepting the offer within a specified time frame.

Remember to tailor these guidelines to your specific company policies and consult with legal and tax professionals to ensure compliance with applicable laws and regulations.

Extending your recruitment efforts beyond local boundaries opens up a world of possibilities for small companies. Crafting offer letters in the absence of a relocation policy requires a delicate balance of transparency and flexibility. By proactively addressing potential challenges and demonstrating a genuine commitment to supporting candidates through the relocation process, your company can navigate these uncharted waters with confidence. Successful talent acquisition is not just about finding the right candidate; it's about welcoming them into your company with open arms and setting the stage for a mutually beneficial partnership.