**Why are Relocations So Difficult?** **November 2018**

Relocations have never been easy for candidates and their families, but until the 1990s they were frequently the norm for executives on the way up. Last year, only 3.5MM U.S. workers (from entry level to the C-suite) made a job-related move. That was down 10% from 2015 – and down 22% from 1999 (when the U.S. government started tracking them) – all while the population grew by almost 20%.

What has changed and what does it mean for our clients who need candidates to relocate?

- Families are more complicated. Shared custody is increasingly common. Fathers and mothers both want to stay close to their children.
- As the population ages, many candidates are caring for older parents. They have chosen to be more personally involved in Mom and Dad's (and Grandma and Grandpa's) lives.
- Children have a bigger voice in relocation decisions. Their input is valued, and their interests – sports, hobbies, college plans/in-state tuition and friends – aren't taken lightly.
- Trailing spouses – traditionally women, but now an equalizing mix of both genders – are contributing a bigger percentage of the family's income. Those dollars are at risk in a new location. In addition, the percent of occupations requiring licensure has increased from less than 5% in the 1950s to 25% in 2015. Licenses are typically controlled at the state level and often don't transfer. Many spousal occupations require them.[2]
- While depressed or upside-down home values are less of a concern now than in the years immediately following the real estate recession, housing costs vary dramatically from one community to another. Mortgage rates are up. New tax laws cap deductions for state and local property and income taxes. These can wipe out income gains.
- Also, moving expenses are no longer tax-free. Starting this year, moving costs are taxable income for federal income tax, Social Security and Medicare taxes.
- There are simply more job opportunities in the current economy – it is easier to get a better job close to home.
- Perhaps most importantly, the culture has shifted with Gen Xers and millennials; the latter will make up 75% of the workforce by 2025. Their outside-of-work hours are far more important than they were to the baby boomers that have defined and dominated the workforce for the last 30 years. New opportunities that require a move are viewed as just one piece of the work-life balance.[3]

What are companies and organizations doing to tilt the relocation or long-term commute decision in their favor?

- 86% of U.S. companies provided additional incentives or made policy exceptions for relocations in 2017 – up from 65% in 2012.[4]
- The most frequent were extended temporary housing allowances, larger signing bonuses, familiarization trips that include children, flex time allowing more days to work from current location, help with ongoing commuting costs AND creating more remote positions negating the need for a move.

It is important for hiring executives and board members to examine their own implicit biases about relocation. Many of them came of professional age during a time when "moving for the company" was the norm. Cultures have changed – both corporate loyalty and the expectation of stability after a move are down significantly. Staying put can make a great deal of sense to today's candidates.

*1 Wall Street Journal, August 20, 2018*

*2 CNN Money, June 17, 2016*

*3 US Census Bureau*

*4 Wall Street Journal, September 19, 2018*