



## Repayment / Payback Agreements

November 2008

### The act or process of paying back...

The definition of payback, *the act or fact of paying back*; *repayment* from *Dictionary.com* supports the results from this month's Pulse. Eighty six percent of our respondents require a repayment/payback agreement for relocation costs expended on behalf of their transferees.

Based on Pulse survey results, 56% of respondents state their repayment policy applies to terminations within the first year from an employee's effective start date in the new job with the amount being owed either a percentage or 100% of the total relocation monies spent by the employer. As far as the success rate, 93% indicate they typically collect the funds although there are variances of monies collected based on the percentage of times which are outlined below:

- 52% of respondents collect money 75% of the time
- 31% of respondents collect 100% of the time
- 13% of respondents collect 50% of the time
- 4% of respondents collect 25% of the time

The majority, or 63%, stated that they rely on various departments to arrange repayment, i.e., Finance, Relocation and the third party service provider, while 41% defer to the Human Resources Manager and 4% turn to their Legal Department for assistance.

The survey results further point out that more companies, 54%, allow negotiation of the amount to be repaid and 46% are not inclined to negotiate a reduction in the amount owed back to the corporation. This question yielded interesting replies with 70% indicating negotiation is subject to review of the individual situation.

What means may an employee utilize to repay the final amount? Survey results show 52% of employers will not allow repayment to come from an employee's wages, commission, incentive payments, paychecks or vacation pay; however, 48% indicate they would apply these types of funds to outstanding relocation benefit costs with 2 respondents commenting that state law governs acceptability of the type of reimbursement.



Survey results are included on the second page



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### Survey Results

**Does your company require a repayment/payback agreement for relocation costs expended on behalf of the transferee?**

|       |     |
|-------|-----|
| Yes   | 87% |
| No    | 3%  |
| Other | 10% |

**What is the length of time for repayment?**

|           |     |
|-----------|-----|
| 1 year    | 56% |
| 18 months | 0%  |
| 2 years   | 37% |
| Other     | 7%  |

**Does your Company typically collect the funds due?**

|     |     |
|-----|-----|
| Yes | 93% |
| No  | 7%  |

**If Yes to question #5, please indicate frequency or is repayment dependent upon the situation?**

|      |     |
|------|-----|
| 100% | 31% |
| 75%  | 52% |
| 50%  | 13% |
| 25%  | 4%  |

**Who within your Company collects the funds?**

|                          |     |
|--------------------------|-----|
| Manager, Human Resources | 41% |
| Legal Department         | 4%  |
| Other                    | 63% |

**Is your company willing to negotiate the agreement?**

|     |     |
|-----|-----|
| Yes | 54% |
| No  | 46% |

**Are final payments (i.e., wages, commissions, incentive payments, paychecks, vacation pay, etc.) applied toward the balance due?**

|     |     |
|-----|-----|
| Yes | 48% |
| No  | 52% |

### Survey Participation

November's Pulse data represents results from corporate relocation professionals in the following industries:

|                           |     |
|---------------------------|-----|
| Industrial Manufacturing  | 21% |
| Technology                | 21% |
| Communications            | 10% |
| Healthcare/Pharmaceutical | 10% |
| Retail                    | 10% |
| Financial Services        | 7%  |
| Consumer Products         | 3%  |
| Energy/Utilities          | 3%  |
| Other                     | 14% |

Location of corporate headquarters for respondents:

|      |     |
|------|-----|
| U.S. | 97% |
| EMEA | 3%  |
| APAC | 0%  |

Questions or comments? Email us at [consultingservices@paragondri.com](mailto:consultingservices@paragondri.com) or visit the News section of our website at [www.paragondri.com](http://www.paragondri.com)