RELOCATION PROCESSING PROCEDURES FOR DEPARTMENTS

DEFINITION:

A “Relocation Allowance” is a negotiated lump sum payment made to an employee in lieu of reimbursement for moving expenses. Classified staff residing in Alaska, faculty members and exempt staff under contract for full-time employment for the equivalent of one year or longer are eligible to receive Relocation Allowances.

The relocation check is usually paid directly to the employee during his or her first full month of employment, as per University Regulation 05.02.06B. The employee is responsible for paying all associated moving costs. The university is unable to make direct payment to a vendor for the employee so charges for relocation expenses should not be billed directly to the university.

QUALIFIED RELOCATION EXPENSES:

“Authorized Relocation Expenses” are all costs associated with moving to a new place of employment which are considered deductible under IRS regulations. The IRS limits deductible moving expenses to the cost of moving household items and personal effects of the employee, their dependents and their travel costs. IRS approved travel costs include lodging but do not include meals and incidental expenses. The cost of pre-move house hunting trips, temporary living expenses and the purchase, sale or lease of a residence are not deductible (see IRS publication 521 “Moving Expenses,” go to http://www.irs.gov/)

REQUESTING PAYMENT:

The department hiring the new employee and moving them here should fill out the Relocation Allowance Request form (link below), obtain the signatures of the employee, the hiring authority (the dean, director or department head who signed the appointment letter) and the budget authority (someone listed on the department's signature card with expenditure authority, can be the same as the hiring authority) and submit the form, along with a copy of the employee's signed appointment letter, for processing to:

Kathy Ivie, HRS Payroll Coordinator, Human Resource Services/Payroll, ULB, Suite 101

Questions, call 786-1454 Fax 786-4729 E-mail koivie@alaska.edu

Relocations are processed as quickly as possible after receipt but may take up to a week to process depending on if additional signatures are required after receipt.

Relocation form http://www.alaska.edu/files/hr/Relocation_Allowance_Form.pdf.

University Regulation R05.02.060.B http://www.alaska.edu/bor/policy-regulations/

Department Relocation procedures rev 07/05/17
The information that follows should assist you in filling out the necessary paperwork to request a relocation payment.

ELIGIBILITY:

The person to whom the relocation is being paid must be a "regular, full-time employee" who will be continuing on in the position after one year (365 days).

If the person is hired for a shorter period than one year and a relocation payment is requested, an exception to policy will have to be requested from the Comptroller’s office, in advance of payment. This can be done after the paperwork is received in the processing office if the person’s contract is determined to be less than one year and repayment is not expected if the person leaves before the one-year period is up.

If the relocation is for a classified staff member moving from out-of-state, an exception to policy is also required as only in-state classified staff are eligible. This too can be obtained by the processing office after the paperwork has been received.

MONTHLY SALARY CALCULATION:

To calculate the new employee's monthly salary, take their bi-weekly salary and multiply it by 26 (pay periods) then divide that by 12 (months).

Enter that amount in the "monthly salary" slot on the form.

ESTIMATED MOVING EXPENSES:

While the university doesn't require a moving estimate, if the amount requested is more than one month's salary, it would be helpful to have one to justify the amount requested. We don’t want to pay the individual more than it will cost them to move or it could result in significant tax penalties to the university and the department.

The relocation amount will be added to the employee’s payroll record as income. It will be reported on the W-2 statement for the tax year. It is then up to the employee to deduct whatever they feel qualifies on their taxes.

Enter the amount the employee has estimated it will cost to move in the "est. authorized relocation expenses" slot.

RELOCATION AMOUNT:

For the actual "relocation allowance" that will be paid, any amount can be agreed upon but usually is
equivalent to one month's salary (whole dollars only, round down), the amount written in the appointment letter (if anything) or the amount agreed upon by the hiring authority and the employee. Note: relocation amounts over one month’s salary will require additional approvals and justification.

Enter the agreed upon amount (whole dollars only, round down), whether one month or another amount, in the "relocation allowance" slot. This is the amount for which the check will be cut.

**PAYING MORE THAN ONE MONTH’S SALARY:**

Any amount over one month's salary requires written justification from the department as to why that amount is being requested (i.e., the cost of moving from the east coast or south is more than moving from the west coast, the person is moving from another country, etc.).

If the agreed upon amount is more than one month's salary but less than two, per university regulation, the Chancellor's approval is needed on the form in advance of payment. If the amount is more than two months' salary, the President’s approval is needed, again in advance of payment.

**SUBMITTING THE FORM:**

When the form is all filled in correctly and signed by the appropriate parties, so long as everything is in order and sufficient budget exists in the account, a payment request form is filled out by the Payroll office, signed by the Human Resources Director and forwarded to Accounts Payable for processing.

When the check has printed, the department contact listed on the form will be called to let them know the check is ready for pickup at the University Center’s Cashier windows. Anyone from the department can pick up the check in lieu of the employee; they just have to sign for it. Relocation checks are not customarily mailed out to new employees in advance of their start date but are usually picked up upon arrival in Anchorage. If the department wants to mail out the check in advance of move, they can pick it up and overnight it to the new employee. That way, the department can answer any questions on its delivery and mode of transportation and easily track it.

If the employee has set up direct deposit for Finance, the relocation amount may be direct deposited to the employee’s financial institution.

**YEAR-END PAYMENTS:**

In the case of payments being requested in December for new employees starting work in January, care must be taken not to cross calendar years. HR will need to create a W2 form for the employee for the relocation payment in the year in which it was paid and the employee should be able to offset that payment with moving expenses paid that calendar year.

If the employee is moving in December but doesn't start until January, there are tax consequences to making the payment in a year in which the person is not a university employee. Because of this, any year-end payments need to be coordinated through Payroll and Accounts Payable.