

# Senior Management Group Moving Reimbursement

*Approved February 9, 2009*

*Amended September 16, 2010 and September 18, 2013*

*Amended March 15, 2018*



**Responsible Officer:** Vice President–Human Resources

**Responsible Office:** Human Resources

**Effective Date:** March 15, 2018

**Next Review Date:** The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.

**Who Is Covered:** Members of the Senior Management Group, including those with underlying academic appointments.

The Senior Management Group Moving Reimbursement policy and procedures do not apply to Senior Management Group employees at the Lawrence Berkeley National Laboratory (LBNL). See [LBNL Regulations and Procedures Manual §4.01- Relocation Assistance Policy](#).

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## **I. POLICY SUMMARY**

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This policy describes requirements and process for the reimbursement of moving and/or relocation expenses for Senior Management Group members. It clarifies who is eligible to receive reimbursement of moving and relocation expenses, defines what types of expenses are reimbursable, and outlines the process for obtaining reimbursement. This policy supports the University's objective to attract and retain talented individuals by offering competitive and fair benefits to help offset the costs associated with moving a Senior Management Group appointee to a new location.

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## **II. POLICY DEFINITIONS**

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**Common Carrier**: A company that offers its services to the public to transport goods from one place to another.

**Domestic Partner**: An individual designated as an employee's domestic partner under one of the following methods:

- 1) Registration of the partnership with the State of California;
- 2) Establishment of a same-sex legal union, other than marriage, formed in another jurisdiction that is substantially equivalent to a State of California- registered domestic partnership; or
- 3) Filing of a Declaration of Domestic Partnership form with the University.

If an individual has not been designated as an employee's domestic partner by any of the foregoing methods, the following criteria are applicable in defining domestic partner:

- each individual is the other's sole domestic partner in a long-term, committed relationship with the intention to remain so indefinitely;
- neither individual is legally married, a partner in another domestic partnership, or related by blood to a degree of closeness that would prohibit legal marriage in the State of California;
- each individual is 18 years of age or older and capable of consenting to the relationship;
- the individuals share a common residence; and
- the individuals are financially interdependent.

**Exception to Policy**: An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

**Executive Officer:** The University President, Chancellor, Laboratory Director, or Vice President – Agriculture and Natural Resources.

**Members of the Household:** Treasury Regulation Section 1.217-2(b)(10) defines "members of the household" as other individuals who are members of the taxpayer's household, and who had the taxpayer's former residence and the taxpayer's new residence as their principal place of abode. A member of the taxpayer's household includes any individual residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

**Moving Expenses:** Reasonable expenditures for transporting the appointee, members of his or her household, household goods and personal effects from his or her former primary residence to his or her new primary residence.

**Primary Residence:** The principal dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.

**Reasonable Costs (or expenses):** Treasury Regulation Section 1.217-2(b)(2) includes as reasonable costs those costs or expenses that are reasonable under the circumstances of a particular move.

**Relocation:** A change in the location of a current employee or new appointee's primary residence due to a new appointment with the University. To be considered a qualified moving expense and not reportable as additional taxable income, the distance between an appointee's new primary place of work and his or her former primary residence must be at least 50 miles or more than the distance between the appointee's previous primary place of work and his or her former primary residence.

**Relocation Expenses:** Reasonable expenditures other than moving expenses incurred in the process of relocating the appointee and members of his or her household to the location of the appointee's new appointment (e.g. house hunting trips, return trips to the employee's former residence, etc.).

**Top Business Officer:** Executive Vice President–Chief Operating Officer for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer

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### **III. POLICY TEXT**

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#### ***A. Eligibility for Reimbursement of Moving and/or Relocation Expenses***

Reimbursement of moving and/or relocation expenses is at the sole discretion of the University. Reimbursement of moving and/or relocation expenses should be offered when necessary to attract a potential appointee to the University or to encourage a current employee to accept an appointment at a new location. Before offering reimbursement of moving and/or relocation expenses, the employing department must confirm the availability of funds and the presence of the specific determinative criteria

cited in this policy. The appropriate approval authority should be consulted before the hiring unit offers such benefits.

Moving and/or relocation expenses that are not specifically addressed in this policy may be reimbursed or paid by the University only if approved by the Regents.

To be eligible for reimbursement of moving and/or relocation expenses, an appointee must meet *all* of the following criteria:

- The appointee must be a new hire or a current employee being assigned to a new location;
- The appointee must be qualified for and have accepted and intend to fulfill his or her new appointment for at least one year from the date the appointment commences;
- The appointee must be in active status in the payroll system prior to reimbursement of moving and/or relocation expenses, unless the appointee has been approved for an advance to cover anticipated expenditures pursuant to Section III.G (Advances) of this policy; and
- The appointee must be relocating his/her primary residence in order to accept the new appointment.

### ***B. Reimbursable Moving Expenses***

All or part of the following moving expenses may be reimbursed, subject to the required approvals and availability of funds:

#### **1. Moving of Household Goods and Personal Effects**

Household goods and personal effects are limited to one household move per appointee. However, if the University appoints both an individual and his or her spouse or domestic partner, both appointees may be eligible for reimbursement of moving expenses from a former primary residence to the new primary residence. All moves of the appointee and members of his or her household should be completed within one year of the date an appointee first reports to the new job, even if his or her appointment date was effective prior to the report date.

The University will reimburse actual and reasonable expenses for common carrier transportation related to moving household goods and personal effects from the former primary residence to the new primary residence for the appointee and members of his or her household, including packing, crating, transporting, unpacking, and uncrating household goods and personal effects. The appointee must use a common carrier from the University's preferred vendors list. Assembly and disassembly of unusual items such as swing sets, swimming pools, satellite dishes, etc. may also be reimbursed if authorized by the hiring authority.

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Expenses related to moving professional/scholarly books, records and equipment, including laboratory supplies, should be documented separately. Prior to incurring these expenses, the appointee should discuss with the appropriate hiring authority whether these expenses are reimbursable and what documentation is required for reimbursement.

If the appointee elects to move household goods and personal effects on his or her own, costs of renting a moving van, truck, or trailer and moving equipment (e.g., hand truck) are reimbursable, as are moving supplies (e.g., packing materials and boxes).

Costs associated with moving the following items are not reimbursable:

- Animals (except for household pets consisting of domesticated animals normally and ordinarily kept or permitted in the appointee's personal residence),
- Plants,
- Motorized recreational vehicles, including boats, kayaks, canoes, airplanes, camping vehicles, trailers, snow machines, jet skis,
- Canned, frozen, and bulk foodstuffs,
- Building supplies,
- Storage sheds,
- Farm equipment, and
- Firewood.

### 2. Transportation of Motor Vehicles

The University will reimburse actual and reasonable expenses related to moving two personal motor vehicles per household (which may include motorcycles but excludes vehicles listed in the preceding section). The vehicles may be shipped or driven. If the vehicle is driven by the appointee or a member of the appointee's household, the appointee will be reimbursed in accordance with [\*Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation\*](#).

### 3. Storage and Insurance

The University will reimburse actual and reasonable expenses related to:

- Insurance for the household goods and personal effects while in transit, if incurred within thirty (30) days after removal of the household goods and effects from the former primary residence.
- Storage costs for household goods and personal effects for up to 90 days immediately after their removal from the former primary residence.

4. En Route Travel Expenses for the Appointee and Members of the Household

The University will reimburse actual and reasonable expenses related to traveling to the new primary residence by the appointee and members of his or her household.

Meals and lodging while en route to the new primary residence are reimbursable, including one day's lodging in the area of the former primary residence if the residence is not suitable for occupancy due to the move, and one day's lodging on the date of arrival to the new primary residence.

Reimbursement of these costs is made in accordance with [Business and Finance Bulletin G-28, Travel Regulations](#).

5. Household Pets

The University will reimburse reasonable expenses related to transportation of household pets (consisting of domesticated animals normally and ordinarily kept or permitted in the appointee's personal residence) but not those associated with kenneling such pets.

6. Utilities

The University will reimburse expenses for connecting and disconnecting utilities but not for associated refundable deposits.

7. Appointee's Passport Processing Expenses

The University will reimburse the filing fee and cost of photos for a non-U.S. Citizen appointee when passport expenses are incurred in connection with the commencement of his or her work in the United States.

**C. Reimbursement Relocation Expenses**

The University may reimburse the following relocation expenses actually and reasonably incurred by the appointee and his or her spouse or domestic partner after receiving appropriate supporting documentation (see section III.D., below):

1. House-Hunting Trips

The University may reimburse actual and reasonable expenses associated with looking for new living accommodations for the appointee and his or her spouse or domestic partner for:

- Cost of transportation (e.g., coach airfare, car rental, parking fees, tolls, gas),
- Meals, and
- Lodging.

The appointee and his or her spouse or domestic partner are limited to two house hunting trips in total. The maximum number of nights of reimbursable lodging is (10) ten. Travel must be in accordance with [Business and Finance Bulletin G-28, Travel Regulations](#).

2. Temporary Housing-Related Expenses

The University may reimburse the following temporary housing-related expenses, if actually and reasonably incurred while the appointee and/or members of his or her household seek permanent housing:

- Cost of furnished temporary lodging (e.g., hotel, apartment, short-term rentals), up to 90 days,
- Reasonable residential parking fees, up to 90 days, and
- Meals for the first 30 days of residence in temporary quarters that do not have cooking facilities.

Temporary lodging and meal expenses will be reimbursed in accordance with [Business and Finance Bulletin G-28, Travel Regulations](#).

3. Return Trips to Former Primary Residence

The University may reimburse actual and reasonable costs of transportation if an appointee needs to return to his or her former primary residence to help with a move or because the appointee has been separated from household members for more than one month. The appointee is limited to two return trips.

Reimbursable expenses related to transportation costs may include coach airfare or other actual costs of transportation (e.g. car rental, parking fees, tolls, gas). Return trips made in an appointee's personal vehicle will be reimbursed in accordance with [Business and Finance Bulletin G-28, Travel Regulations](#).

4. Professional Relocation Services

The University may reimburse actual and reasonable expenses related to professional relocation services which may include providing local destination information, home sale assistance, home search at destination, and location of rental or temporary housing.

5. Sale of Residence Costs

The University may reimburse actual and reasonable costs directly associated with the sale of the appointee's former primary residence, if the residence must be sold to relocate to the new assignment. The amount of the reimbursement will depend on prevailing practices within the area of the sale and subject to the limitations, below. The sale of the residence must occur within twelve (12) months of the appointee's start date.

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Actual and reasonable selling costs may include:

- Brokerage commission, not to exceed 3% of the final sales price or \$30,000, whichever is less.
- Non-recurring closing costs not to exceed 2% of the selling price, not to exceed \$20,000, whichever is less.
- Mortgage prepayment penalties not to exceed \$15,000,
- Miscellaneous seller's costs customary to the area that may be reimbursed if determined appropriate by the University, not to exceed \$10,000.

The University will not reimburse income taxes, property taxes or assessments associated with the sale of the residence, or the cost of physical improvements intended to enhance salability by improving the condition or appearance of the residence.

### **6. Settlement of a Residential Lease**

The University may reimburse actual and reasonable costs directly associated with the settlement of an unexpired lease of a former primary residence if an appointee must settle that lease to relocate to the new assignment. The amount of the reimbursement will not exceed six (6) months of the lease or \$25,000, whichever is less, including any penalty paid to terminate the lease.

The University will not offer reimbursement if the appointee knows or reasonably should have known that relocation was imminent prior to entering a lease agreement. The University will not reimburse the cost of physical improvements intended to enhance marketability of the leasehold by improving the condition or appearance of the residence.

### ***D. Supporting Receipts and/or Documentation***

To be eligible for reimbursement, all expenses must be supported by receipts and/or documentation. An appointee should submit supporting receipts and/or documentation as soon as is reasonably possible, but in all cases, receipts and/or documentation must be submitted within twelve (12) months of the appointee's start date.

### ***E. Tax Treatment and Reporting of Moving and Relocation Expenses***

Tax Cuts and Jobs Act (P.L. 115-97) was signed into law on December 22, 2017. The qualified moving expense reimbursement allowed under Internal Revenue Code Section 132(a)(6) and 132(g)(1) was modified with new Code Section 132(g)(2). Effective January 1, 2018, any fringe benefit that qualifies as a qualified moving expense reimbursement is suspended for taxable years 2018 through 2025. Thus, the University must report all moving-related expenses and reimbursements as taxable income. Taxable reimbursements made by the University are subject to withholding for payroll taxes, which will be deducted from the employee's regular wages. Appointees should consult a personal tax advisor with questions about these requirements.

Any payments to SMG members under this policy will be subject to reporting to the President and the Regents in the *Annual Report on Executive Compensation*.

#### ***F. Repayment Provisions***

An appointee who voluntarily separates from the position prior to completing one year of service, or accepts an appointment at another University of California location within 12 months from his or her initial date of appointment, will be required to pay back 100 percent of the moving and relocation expenses.

This provision will be included in the offer letter of the appointee.

#### ***G. Advances***

The University, in its sole discretion, may elect to advance an amount to cover anticipated expenditures. Advances may only be used to cover reimbursable expenses and must be approved by the Executive Officer. An appointee receiving such an advance must sign an agreement for repayment in accordance with local procedures.

The hiring unit is responsible for ensuring that advances are accounted for within a reasonable period of time after the move is completed. See [Business and Finance Bulletin G-28, Travel Regulations](#) for procedures applicable to recording uncleared advances.

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## **IV. APPROVAL AUTHORITY**

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### ***A. Implementation of the Policy***

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.

### ***B. Revisions to the Policy***

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President–Chief Operating Officer has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the [Principles for](#)

[Review of Executive Compensation \(Regents Policy 7201\)](#) and other governance policies.

### **C. Approval of Actions**

All actions within this policy or that exceed this policy must be approved in accordance with Section IV.C. of the policy on [SMG Appointment and Compensation \(Regents Policy 7701\)](#). All actions that are exceptions to policy or not expressly provided for under any policy must be approved by the Regents.

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## **V. COMPLIANCE**

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### **A. Compliance with the Policy**

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and local resources.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to this policy, and the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.

### **B. Noncompliance with the Policy**

Noncompliance with the policy is handled in accordance with The Regents' [Guidelines for Corrective Actions Related to Compensation Practices](#) and [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#).

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

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## **REVISION HISTORY**

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As a result of the issuance of this policy, the following documents are rescinded as of the effective date of this policy and are no longer applicable:

- *Senior Management Group Moving Reimbursement* (Regents Policy 7710), dated February 9, 2009

As a result of the issuance of this policy, provisions of this policy pertaining to SMG members which appear in the following document will be superseded by this policy, effective the date of this policy:

- *UC Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*

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## **IMPLEMENTATION PROCEDURES**

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The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.