

Commuter Assignments



The Issue

Recruiting and retaining employees willing to work on a flexible basis from a variety of locations is proving challenging in the current business environment. After all, today's employees are accustomed to curating schedules and work environments that satisfy their work-life balance.

In turn, employers are challenged to attract and hire talent who are willing to adapt effectively to different business environments, protocols, and even social customs for roles that include conducting international business.



The Mobility Impact

At Weichert, we have observed an increase in employee-initiated commuter arrangements, putting significant pressure on mobility program owners to develop approval guidelines and processes.

Now more than ever, companies and their employees are also faced with obstacles such as two-career couples, dependent school-age children, and an ever-expanding list of difficult locations. As a result, employers are expanding their employment offerings to include even more commuter assignments which blend elements of mobility as well as remote work in a way that this industry has truly never encountered in the past.

Although increasing in frequency, many companies still administer these arrangements on a case-by-case basis and manage this population outside of the relocation space; corporate travel and security are two of the more common departments to handle commuters. Whether a company has a burgeoning population of both domestic and international commuters, both have immigration, tax, and productivity implications that can pose risks and unintended precedent-setting consequences for an organization.

Commuter Assignments



Our Recommendations

Here are just a few ways to establish or refresh a program that supports your commuters while mitigating risk for the company.

Articulate how you define a commuter and who is eligible for a formal arrangement. Generally, a Commuter Assignment is a temporary arrangement in which the employee makes frequent trips from one home location to the same destination (domestic or international) on a regular basis. In this arrangement, an employee may be reimbursed for reasonable expenses associated with their travel between their regular work location and home location (e.g., travel (gas, tolls, airfare), living and/or away from home expenses (to cover the costs of what the employee would have contributed to the household like snow removal).

Research suggests these arrangements or *accommodations* are most often (39% by business, 38% by employee) mutually **initiated** between the company and/or employee, and the benefits are typically determined by the manager/business.

Formalize your program by creating a policy. AIRINC 2023 Survey estimates that 48% of companies have a formal policy for commuters. This is an increase from previously available data. The majority of companies have commuters, but lack a formal policy.

Focus on compliance. It is best practice to prioritize immigration and tax as primary and mandatory support. Next, a formal approach typically includes transportation, meals on route, and accommodations.

Consider capping the program to control costs. If providing a commutation allowance, companies often limit the period of time and decrease the amount over time (i.e., two-three years). The benefit is usually paid out monthly, and it decreases by one-third or one-half each year in alignment with the subsequent terms. The allowance is calculated based on the following:

- Criteria (distance, duration, salary/grade level, location)
- Housing options
- Transportation

Commuter Assignments



By the Numbers

VOLUME

→ **60%**

of international employers forecast increases in their commuter staff numbers over the next two years.

ELIGIBILITY

→ **47%**

all job levels are eligible

38%

case by case

11%

only certain job levels and roles

HOUSING

→ **61%**

provide furnished housing

43%

provide hotel

9%

covered by lump sum

TRANSPORTATION

→ **100%**

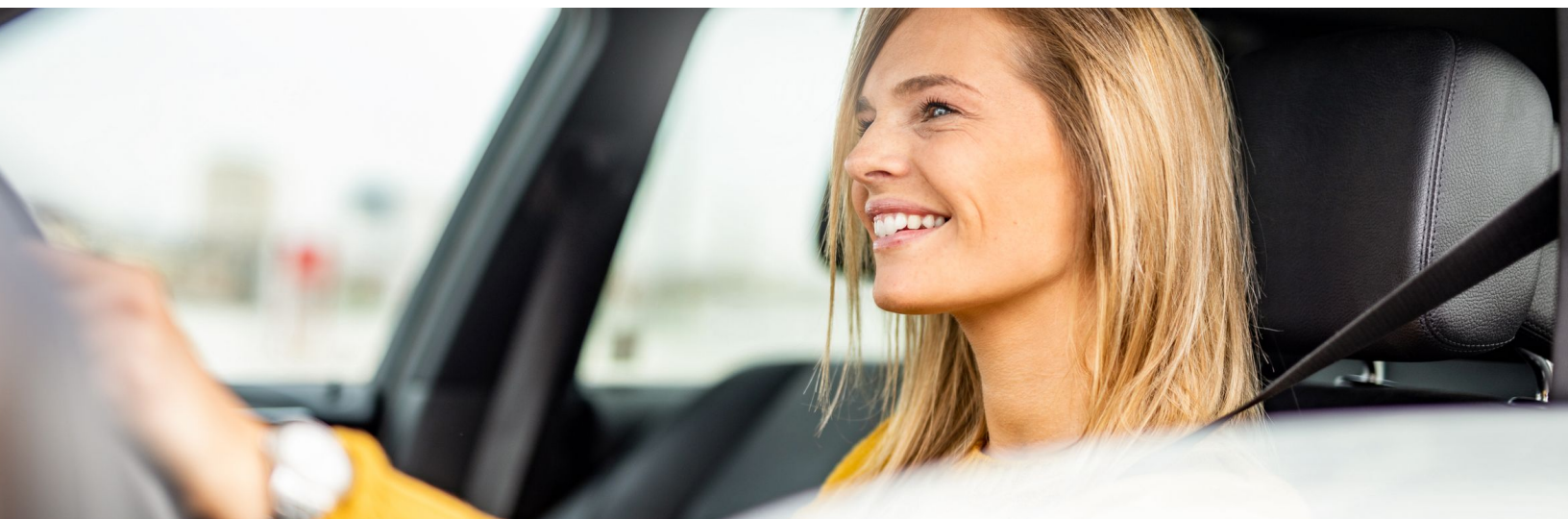
cover, with coverage varying based on distance.



Client Impact

In long-distance commuting situations, the employee may travel on company time, which could negatively impact their productivity and team engagement. Depending on corporate culture and flexible work policies, other team members may grow disenfranchised with these “special” accommodations and resent the lack of availability; all things that need to be factored into decision-making.

Recently, a Weichert client requested a simple approach: for this company, if a commuter experiences an increase in the cost of their new commute that is less than \$100 per month, they receive a one-time lump sum payment of \$2,500. If the increase in the cost of the new commute is \$100 or greater, they receive \$4,500. In all cases, the commutation assistance payment is tax protected.



Commuter Assignments



The Bottom Line

It is important to consider the precedent-setting nature of accommodating employees who want to commute. What may sound feasible up-front can become unsustainable in the long run.

- Will the employee/family be eligible for permanent relocation benefits if the commute doesn't work out?

Weichert Workforce Mobility has prepared this information from the most current data available. However, the client is advised to consult with their own tax and legal counsel with regard to any interpretation of IRS regulations or subsequent changes in policy.

Consider company culture, talent scarcity and work-life balance, not just the amount of the allowance and what seems “reasonable.” Plus, **don't forget the tax impact** and duplicate expenses if the employee subsequently relocates. Both of these aspects have the potential to increase costs significantly.

References:

AIRINC Commuter Benchmark Survey, 2023, 102 participants
Select benchmarking from Weichert Book of Business



Looking for more information on this or any mobility topic?

Email us at solutions@weichertwm.com

Or visit us at weichertworkforcemobility.com