

## Relocation Allowance Guidance

### **Purpose:**

A relocation allowance provides funds to cover expenses associated with moving to a new work location as part of accepting employment at Texas A&M University. It is a fixed dollar amount, detailed in the offer letter, and payable once the employee has been fully on-boarded in Workday. A relocation package normally covers all or part of the financial costs of moving, house hunting, and other incidentals but it is not mandatory.

Allowances are considered taxable income and will be reduced by the employee's applicable federal income tax rate and FICA deductions. The allowance is not 'grossed up' and must be sourced from local funds; no state funds may be used.

It is recommended that colleges and departments establish ranges for faculty relocation allowances based on geographical location and/or rank. Staff relocation allowances will be applied equitably within departments and normally will not exceed 10% of the annual base salary.

### **Workday Process for Relocation Allowance:**

A relocation allowance paid to the newly on-boarded employee through Workday is the preferred method. A relocation allowance is processed in Workday using the "Request One-Time Payment" business process. Please select the One-Time Payment Plan of "**Relocation Allowance**".

### **Suggested offer letter language:**

*A one-time payment of \$x,xxx will be paid to you to cover the financial costs of moving and other considerations with your relocation. The relocation allowance is payable once you have arrived on campus and fully processed as a new employee after your official start date. The payment will be regarded by the U.S. government as taxable income, but you may be able to deduct eligible moving expenses from your federal income tax. Please consult with a tax expert if you have questions or concerns.*

Email questions regarding faculty relocation to: [Provost@tamu.edu](mailto:Provost@tamu.edu); staff relocation questions to: [jobs@tamu.edu](mailto:jobs@tamu.edu).

### **AggieBuy Process for Relocation Allowance:**

A relocation allowance paid to the newly on-boarded employee through Workday is the preferred method. However, there may be the rare occasion when the new employee is not yet fully on-boarded but has requested relocation support prior to their start date.

The payment may be processed via AggieBuy, but requires additional processing steps:

- The prospective employee/vendor completes the [Substitute W9 & Direct Deposit Form](#)

- The department uploads the form via the [Vendor Setup Document Upload Web Page](#)
- Once the vendor is established, the department creates the payment request or [non-po based invoice](#) in AggieBuy.
  - Attach offer letter documenting the amount of the relocation allowance to be paid
  - Use commodity code 99900003, which maps to object code 1926 Employee Relocation-Non Qualified W-2 Reportable

FMO will review and approve the moving allowance without a request for a tax withholding form or Workday one-time payment request document, since the prospective employee is not fully on-boarded in Workday.

It will be the department's responsibility to complete the [One-Time Payment Process](#) in Workday once employee on-boarding is complete.

- Select **Emolument Non-Qualified Moving Expenses** (shown below) in the One-Time Payment Plan to ensure an additional one-time payment is not generated to the employee.

Reports will be run quarterly for payments made against 1926 to verify/reconcile the amounts entered to tax the employee in Workday.

The moving expense section of the disbursement manual has been updated and is available at the following link: <https://disbursement.tamu.edu/purchase/tax-issues/moving-expenses/>. Email questions to [aggiebuy@tamu.edu](mailto:aggiebuy@tamu.edu).