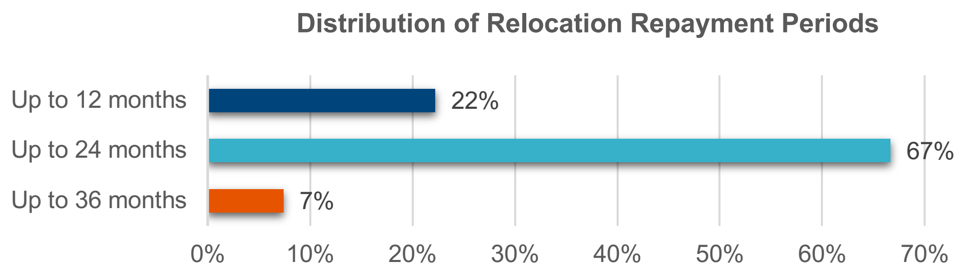
US Domestic Market Practices – Repayment Agreement

Repayment agreements ensure companies recover relocation expenses if an employee voluntarily resigns or is terminated for cause within a specific timeframe after relocation. While policies vary, most organizations implement a structured repayment schedule tied to the duration of employment post-relocation. This summary highlights key practices across multiple industries.

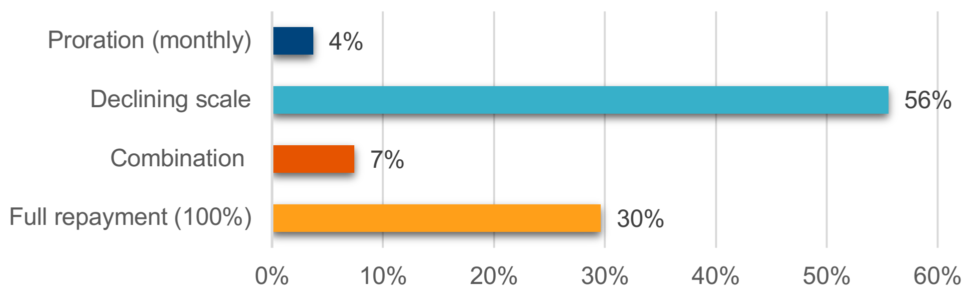
87% of organizations maintain repayment clauses within their US domestic relocation transfer policies mobility policies across one or more tiers. This indicates that repayment agreements remain a common feature, particularly in traditional domestic relocation programs.

Repayment Structure and Administration

Benchmark findings indicate that most repayment periods fall within a 12- to 24-month timeframe, with some companies extending obligations up to 36 months.



Repayment structures vary across organizations, including a full return of associated expenses, use of a declining scale, and/or monthly proration.



The most prevalent model (56%) is a two-year declining scale, requiring full repayment in Year 1 followed by a reduced obligation in Year 2. This approach represents a clear market standard.

Conclusion

The benchmark indicates a consistent approach across industries, with most organizations including relocation repayment provisions to protect their mobility investment. While some adopt strict full-repayment models, others use tiered or prorated schedules to balance financial recovery with employee retention considerations. Recent developments in California and New York suggest increasing scrutiny of repayment provisions. Organizations should monitor evolving state guidance as practices continue to develop and consult with legal counsel for modification to agreements. Click here for more information about California's Assembly Bill 692.

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