FIDI

The Lump Sum in 2025

A good fit for a changing world?

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Introduction

The lump sum concept is not new. The model of funding international relocations through a direct, fixed payment to the assignee, instead of multiple payments from the employer to various partners in the relocation supply chain, gained prominence in the late 1990s and has been around ever since. It's not hard to see why it has proved popular: budgeting and cost control is much easier for finance teams, and there is far less admin for HR teams to do.

The global mobility landscape has faced significant challenges in recent years. In 2023, relocation volumes declined sharply, with expectations for a rebound in 2024 unmet. This downturn is attributed to corporations prioritising cost containment and reducing global mobility budgets amid economic uncertainties. Geopolitical volatility and key national and regional elections, have also led to a more cautious approach, delaying large investments and projects.

In this context, many organizations have turned to lump sum relocation policies as a cost-saving measure. While these policies offer flexibility and predictability, they may not be suitable for all scenarios, particularly international assignments. This white paper examines the limitations of lump sum policies in international relocations and their impact on corporate global mobility strategies. As the business world moves on, is lump sum compensation becoming more or less relevant to today's global mobility industry? We consider the main factors in the argument and assess how the landscape has changed in recent years. What effect do the dominant industry trends have in the suitability of lump sum compensation?

It's a moving picture, and the aim of this report is to see where we are now. By examining the challenges and opportunities presented by economic constraints, evolving employee expectations, and the complexities of international relocations, we want to offer actionable insights for global mobility professionals. With input from leading industry figures, this white paper explores whether lump sum policies can adapt to meet the demands of today's dynamic environment, or if alternative approaches are better suited to ensuring corporate goals and assignee success.

1. Changing employee attitudes

> *Companies need to understand that lump sum transferees buy like a consumer, which is a whole different mindset.*
>
> ***Ron Dunlap, CEO, Graebel***

As the next generation of workers gradually succeeds the last, attitudes change. GenZ and Gen Y employees (born between 1980 and 2010) have largely dispensed with the idea of a job for life. While their parents may have seen employer loyalty as a worthy principle and a blueprint for lifelong success, succeeding generations are less willing to be tied down.

This has led to an increased desire for flexibility. Modern employees are increasingly willing and able to look after their own affairs and focus more on the skills they possess (which are permanent) over the job title they hold (which may be all too temporary).

There is also the more philosophical tendency of younger employees to value a cause over a career. In short, they want to do things their way.

It is equally important not to generalise too much. More senior employees (in age and career) may be less likely to consider a move suggested by the company if they have to organise an entire family move themselves – which again is more likely in the case of older employees. Even if they do accept the move, a poorly planned experience may lead to them returning early or even leaving the company.

> *It' s one thing paying a lower-skilled employee $2,000 when they' re moving short term. But we' re seeing it creeping up to executive level and that' s where I see potential harm. If you invest $5,000,000 in somebody to send them over to London in the UK for three years and they come back and leave, that is a massive investment out the door.*
>
> ***Matt Tebbe***
> ***President & CEO, Cartus***

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Lump Sum Pros	Lump Sum Cons
• **Independence**: Younger generations value autonomy; lump sum gives them the freedom to arrange their own relocation • **Skill development**: managing their own relocation allows employees to learn about logistics and project management in a hands-on manner. • **Freedom of choice**: Assignees are given the ability to choose services that align with personal preferences, like lifestyle or travel preferences.	• **Inexperience**: Employees may not have the necessary experience or knowledge to effectively manage international relocations, leading to poor choices or financial strain. • **Family considerations**: Older employees or those with families may find the added responsibility overwhelming, reducing their willingness to relocate. • **Potential inequities**: A fixed lump sum may not adjust for different personal situations, leading to dissatisfaction if one employee's costs are significantly higher than another's. • **High cost of unsuccessful relocations**: If a relocation goes poorly due to insufficient support, it can lead to premature returns or disengagement, ultimately resulting in high financial costs for the employer—such as rehiring expenses and productivity losses.

2. Economic volatility

Companies everywhere are cutting costs in all areas of the business, and global mobility is not immune to that. As long as we're in this environment of fiscal conservancy, we're going to continue to see lump sums.

Matt Tebbe
President & CEO, Cartus

Lump sum policies can be effective if they align with a company's culture and cost-saving initiatives. However, for organisations that prioritise duty of care, transferee experience, or sustainability, a more structured benefit package may be more appropriate to ensure employees receive high-quality support.

Joleen Lauffer, President, Aires

Even in a talent shortage, companies choose lump sums for cost containment rather than talent attraction, showing where priorities lie.

Susan Benevides
CEO, Plus Relocation

There has always been volatility, but major events over the last decades – from the financial crisis of 2008 to the global pandemic and recent international conflicts – have underlined the unpredictability facing international assignees.
The current geopolitical climate adds layers of complexity to international relocations; events such as trade tensions, regulatory changes, and conflicts in regions like Ukraine and the Middle East have severely disrupted corporate relocation plans. Disruptions in the international transportation and logistics sectors have further strained relocations, particularly affecting the shipment of household goods.

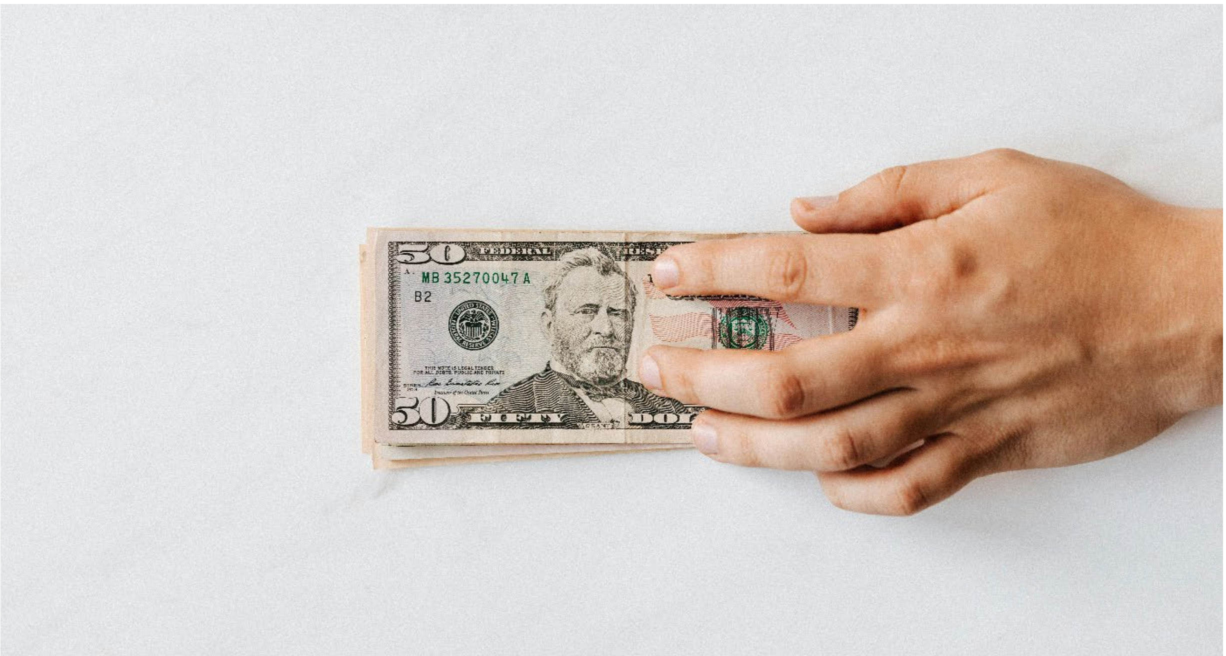
The use of the lump sum exposes the individual to those risks rather than protecting them, often failing to account for unforeseen expenses. Unexpectedly high inflation rates around the world mean the actual value of a lump sum may depreciate more quickly than anticipated. AIRINC's 2024 global relocation survey found that the average cost of international assignments has increased by 12% over the past three years due to geopolitical and economic uncertainty. This trend underscores the importance of structured policies that offer better cost predictability and risk mitigation. Political instability can also lead to sudden policy changes, travel disruption or even a risk to the personal security of the assignee.

However, those same factors have put pressure on companies to cut costs and lump sum payments are often perceived as a way to control expenditure.

Lump sum became an easy way to give employees money with low burden of administration. And it gave the employees some choice. I think that's why we're seeing core-flex really catch on in a more meaningful way, because companies can give transferees some discretion whilst also providing some duty of care.

Mark Bennett, Executive Vice-President, Weichert Mobility

Lump Sum Pros	Lump Sum Cons
• **Agility**: The flexibility of lump sums allows individuals to quickly adapt their plans when political or economic situations change. • **Cost control for employers**: Lump sum policies are perceived as a way to manage costs during uncertain economic times. • **Employee empowerment**: Employees have the freedom to make decisions based on their own risk tolerance.	• **Exposure to risk**: Employees carry the financial and logistical risks, especially in politically unstable or high-cost locations. • **Inflation risk**: Inflation can erode the purchasing power of lump sums, making the assigned amount insufficient for a smooth relocation. • **Duty of care**: The lack of structured support means that employers may not be fulfilling their duty of care, especially in high-risk areas.



3. Stricter compliance and regulation

> *Companies need to be sure they aren't putting the well-being of their balance sheet ahead of their workforce. By managing risk on paper, they may be transferring the real-world risk to the employee.*
>
> ***Bill Graebel***
> ***Board Chair, Graebel***

The business world is a more tightly regulated place than it used to be. While companies are expected to conform with environmental and DE&I guidelines, there are also more formal financial regulations that need to be followed.

International relocations demand adherence to diverse legal and regulatory frameworks, including tax laws, immigration rules, and corporate reporting requirements. Lump sum policies often shift the burden of compliance onto employees, increasing the risk of non-compliance. Santa Fe Relocation's 2023 Global Mobility Survey reveals that compliance issues account for 28% of the challenges faced during international relocations, a significant risk when employees lack the expertise to navigate such complexities.

For example, lump sums can be taxed differently in different countries, with the risk of double taxation in some cases. Immigration and work permit rules vary widely, and modern employers need to observe much stricter documentation and reporting regulations, providing evidence of financial prudence. How can employers provide full transparency if they don't have visibility over the way in which the lump sum is allocated and spent?

Since one of the main advantages of the lump sum was to remove the admin burden from the employer and place it on the employee, it means the employee has also inherited the challenge of compliance. Many assignees are either ignorant of the regulations or, at the very least, ill-equipped to deal with them.

Employers also bear a duty of care and due diligence toward their assignees, ensuring that relocations are managed in compliance with local laws and ethical standards. Lump sum policies can inadvertently expose organizations to risks when assignees use funds to hire unverified vendors. For instance, a transferee might engage a low-cost local moving company that employs workers under exploitative conditions or violates labour laws, such as failing to provide fair wages or adequate safety measures. If such violations come to light, the employer could be held accountable for neglecting to ensure ethical practices in their supply chain, potentially facing legal penalties and reputational damage.

It is important to underline that lump sum policies are widely adopted in domestic relocations, especially within the United States. Approximately three quarters of domestic transferees opt for lump sum models, compared to less than half for international moves. This disparity is due to the increased complexity and risks associated with international relocations, which often involve strategic roles, senior staff, and significant corporate investment.

> *It's essential for RMCs to ask movers to track and report on their CO2 output and their membership in organizations such as Ecovadis, CDP, Watershed, EPA Smartway, and FIDI. If the RMC is not coordinating the move, they lose access to emissions data and are unable to report this information to the client.*
>
> ***Patrick Keery, VP Move Management, Altair***

Lump Sum Pros	Lump Sum Cons
• **Simplified employer compliance**: Lump sum relocations shift the burden of tax and immigration compliance to the employee. • **Reduced administrative workload**: There is less need for the employer to manage compliance aspects directly. • **Flexibility in managing funds**: Employees can choose the services they prefer, avoiding standardised relocation packages.	• **Increased risk for employees**: Employees may not understand complex tax regulations or immigration laws, leading to non-compliance and potential legal issues. • **Limited oversight**: Employers lose visibility over how funds are spent, making it difficult to ensure ethical or compliant spending. • **Risk of legal repercussions**: If employees fail to comply with regulations or use unethical vendors, companies could face reputational or legal risks.

4. Ever-advancing technology

> *Technology makes it easy for all of us to source services, sure. But we need personal service as well as tech. It' s too complex and there will be challenges. When one occurs, don't tell me I' ve got to go to the app. I want to talk to somebody, and I should be able to.*
>
> ***Ron Dunlap, CEO, Graebel***

Since lump sum compensation packages were first used, technology has changed beyond recognition. Driven by the Covid pandemic, employees around the world proved that they were capable of working independently and remotely and a myriad of apps, tools and platforms sprang up to help them do it.

Increasingly confident in the online environment, those same employees can now easily book flights, find housing, hire moving services, and manage other aspects of the move through digital platforms such as Airbnb, Expedia, or Upwork, in the same way that they use them in their personal lives. Cost-comparison sites help them secure the best prices, while other advances such as digital contracts, digital payment systems and task management software – often AI-enhanced – gives them everything they need to manage their own relocations.

Advancements in technology, particularly since the rise of AI, have been hailed as transformative for global mobility, with promises of making relocations as seamless as making a purchase on Amazon. However, this ideal remains far from reality. While AI-driven global mobility platforms offer efficiency and personalisation, they cannot yet replace the value of human interaction. When challenges arise—be it an unexpected delay, a compliance issue, or a logistical complication—transferees overwhelmingly seek real-time, personal support. This highlights the continuing need for a balance between technological innovation and the human care that ensures a successful relocation experience.

> *A lump sum transferee can always find somebody cheaper than our approved suppliers. You can just go on the Internet and find two guys in a truck. But are they insured? What about background checks? All that vetting that every relocation management company goes through, is lost at the click of a button.*
>
> ***Susan Benevides***
> ***CEO, Plus Relocation***

Lump Sum Pros	Lump Sum Cons
• **Digital tools facilitate relocations**: Online platforms make it easier for employees to book services independently. • **Cost comparisons**: Employees can use digital tools to find cost-effective options that fit their needs. • **Perceived control**: Transferees feel empowered to use services like Airbnb or ride-sharing apps, which they are familiar with.	• **Overestimation of technological capability**: Not all employees are comfortable using digital tools, and AI-based solutions can lack the personal touch needed for complex relocations. • **Human interaction still key**: When unexpected issues arise, employees often need real-time, personal support—something that technology alone cannot provide. • **Risk of poor decision making**: Lack of expertise can lead to poor decisions that increase stress, costs, or complexity.

5. Greater awareness of DE&I

By its very definition, DE&I means that one size does not fit all: every international assignee should have an equal chance of success – while recognising that they may have very different needs.

Employees with disabilities, for example, may need accessible housing which may be more expensive and harder to source in the host country. Certain minority groups may face extra cultural challenges or discrimination. Equally, employees from under-represented or marginalized groups may face additional challenges, such as limited access to financial resources or credit, making it harder for them to cover relocation expenses upfront.

The principles of diversity, equality, and inclusion are more rigorously upheld by major employers today than they were a decade ago. Partly, this is government-enforced, as evidenced by the increasing scope of Equal Employment Opportunity Commission (EEOC) in the US and the EU's Non-Financial Reporting Directive (NFRD), which obliges EU companies to be more transparent about how they address diversity. Employees are driving the trend too, with 76% of employees stating in a report by Glassdoor that diversity is an important characteristic in an employer.

Whatever the reasons, large employers now take DEI very seriously. A survey by Purpose Brand found that twice as many Fortune 500 companies published diversity reports in 2023 than they did a year earlier. But does this make lump sum compensation more or less relevant to modern assignees?

> *Companies use different approaches, including set lump sums based on historical data, percentages of salary, or custom calculators based on employee demographics.*
> *Regardless of the method, it is crucial to apply the same approach consistently to ensure fairness and equity across all employees.*
>
> ***Joleen Lauffer, President, Aires***

Lump Sum Pros	Lump Sum Cons
• **Customised spending**: Employees can use funds to meet specific needs related to accessibility or cultural preferences. • **Personal control**: Lump sum relocations allow employees to address their specific circumstances without being bound by one-size-fits-all solutions. • **Flexibility in services**: Employees can select the service providers that meet their cultural or personal comfort levels.	• **Not Truly Equitable**: Standardised lump sums may not account for additional costs faced by employees from marginalized groups, such as accessibility needs or discrimination-related costs. • **Complex needs overlooked**: Assignees with unique DE&I-related needs may face financial and logistical challenges if lump sums do not cover their extra costs adequately. • **Administrative complexity**: Calculating appropriate lump sums to ensure fairness can become administratively burdensome, negating the simplicity advantage.

6. The sustainability imperative

> *Companies are increasingly wanting to have some impact on helping employees make decisions based on sustainability, to align with company goals. But the world has to do a better job of measuring sustainability inside global mobility. I think there's a variety of vehicles out there, but I don't think there's a comprehensive solution.*
>
> ***Mark Bennett, Executive Vice-President, Weichert Mobility***

The sustainability of global mobility is well and truly under the spotlight in 2025. Compared to a decade ago, the world's largest employers are more openly and formally committed to reducing their impact on the environment: most have publicly stated a date by which time their operations will be "net-zero".

Governments have also introduced legislation to encourage sustainable activity, which cover the way in which international relocations are managed. Throughout the global mobility supply chain, suppliers are required to be more accountable and to report on the sustainability of their work. In turn, industry bodies such as FIDI are supporting members with useful tools such as the FIDI x Worldfavor Carbon Calculation Platform. The industry initiative The Coalition for Greener Mobility, of which FIDI is a founding member, is also pushing for a more coordinated approach.

In 2024, the United Nations Development Programme (UNDP) and University of Oxford oversaw the People's Climate Vote, the largest ever global survey of public opinion on sustainability. It found that 56% of respondents were more worried year on year about the changing environment, a clear indication of the increased importance of sustainability in the modern world.

While lump sum policies offer transferees flexibility, they also risk undermining corporate sustainability goals. Without guidance or access to pre-vetted suppliers, uninformed transferees may inadvertently choose services or products that do not align with corporate environmental commitments. For instance, opting for cheaper but less sustainable moving providers could result in higher carbon emissions, breaching compliance with both corporate sustainability policies and evolving legislation. This not only creates potential financial liabilities but also jeopardizes the organization's reputation in a world where accountability on environmental performance is increasingly scrutinised.

You can' t expect a transferee to only choose suppliers with certain sustainability standards. So the more that you can keep it in the network, the more that you can keep it through the RMC using pre-vetted suppliers, it's definitely going to be a better ESG outcome. ***Matt Tebbe, President & CEO, Cartus***

It' s not just about the emissions of moving items. We need to consider the carbon impact of creating new products (furniture, electronics, clothes, etc.). It' s always more sustainable to re-use, re-purpose, recycle.
Patrick Keery, VP Move Management, Altair

Lump Sum Pros	Lump Sum Cons
• **Choice of green options**: Employees can choose more sustainable services that align with their personal values. • **Aligns with employee values**: Lump sums provide individuals with the opportunity to make eco-conscious decisions during their move. • **Conscience-driven spending**: Employees are empowered to make choices based on their personal commitment to sustainability.	• **Lack of accountability**: Without guidelines or vetted suppliers, employees may inadvertently choose options that are not environmentally friendly, undermining corporate sustainability goals. • **Reduced visibility**: Employers lose visibility into the environmental impact of the relocation process, making it hard to report accurately on sustainability metrics. • **Temptation to cut costs**: Employees may prioritize cost savings over sustainability, leading to choices that conflict with corporate environmental policies.

One size still doesn't fit all

The lump sum model is not going to disappear in the near future. But companies are thinking carefully about how it fits in with global mobility in 2025. Many employers still prefer it for its flexibility, cost control, and administrative simplicity. Many assignees still prefer it because they can allocate funds how they want. They will continue to use it, supported by technology and a workforce that is increasingly inclined to seek independence over corporate control.

But there is increased volatility in the world today, coupled with the need for stricter financial, legal and environmental compliance. The need to support an increasingly diverse workforce makes a "one-size-fits-all" approach difficult to support. For many employers, this makes the lump sum problematic. While lump sum policies offer flexibility and administrative simplicity, they may not be universally applicable. International assignments, particularly those involving senior or strategic roles, require tailored support to address unique challenges.

In today's dynamic environment, organizations must evaluate their global mobility strategies carefully. While lump sum policies can be effective for domestic relocations, their application in international contexts may pose significant challenges. Structured approaches that account for geopolitical risks, leverage technological advances, ensure compliance, and address employee diversity are crucial for the success of global mobility programs.

In short, the lump sum is not for everyone. Each organisation must decide based on its corporate strategy and priorities and the needs of its employees. But one thing is certain: the debate will rage on.

Credits

FIDI Global Alliance would like to thank everyone who has contributed their valuable insights to this report. These include (in alphabetical order):

Joe Benevides, COO, Plus Relocation Services

Susan Benevides, CEO, Plus Relocation Services

Mark Bennet, Executive Vice-President, Weichert Workforce Mobility

Ron Dunlap, CEO, Graebel

Bill Graebel, Board Chair, Graebel

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Joleen Lauffer, President, Aires

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About FIDI

FIDI Global Alliance is the largest global network of independent international moving and relocation companies, setting the benchmark for quality and professionalism in the industry. With over 600 carefully selected members across more than 100 countries, every FIDI company is accredited to the rigorous FAIM Quality Standard – the only quality certification dedicated exclusively to the international moving and relocation sector and independently audited by EY. For more information, visit http://www.fidi.org/quality.

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