Relocation bonus after residency: What to expect, what to ask for

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If you’re moving for your first physician job after residency training, you are very likely going to get some form of relocation compensation. Learn what’s usually included about some of the wrinkles that could be involved.

In its “2019 Review of Physician and Advanced Practitioner Recruiting Incentives,” the recruiting firm Merritt Hawkins found that 98% of positions offered some form of relocation bonus. For physicians, the average figure offered to relocate was $10,393.

In speaking of residents, specifically, Michael Belkin, a divisional vice president of recruiting at Merritt Hawkins, said that a relocation allowance should be expected.

“For residents, there are so many opportunities out there,” he said. “Your average resident is going to have around 50 offers, so an employer has to make sure an offer is competitive. It really comes down to this with relocation: If a resident is going to take a job, they don’t want to have to pay for the cost of taking a job.”

5 steps to signing your first physician contract

What to look for in physician pay, benefits

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How much money should you expect to make on your first contract? And what are some of the key benefits that should be included in your compensation agreement?

**What to know before you sign your physician contract**
What are the key factors when evaluating a potential employer? And how can you go about collecting that information?

**Understanding physician contract letters of intent**
What is a letter of intent? And what types of things should be included in yours?

**Do’s and don’ts in physician interviews, contract negotiations**
What are some effective negotiation tactics? Do you have to negotiate the contract yourself?

**Physician job duties and medical liability insurance**
What hours will you be responsible for being on call? And what are the two kinds of medical liability insurance?

Merritt Hawkins’ Belkin offered some insight on relocation allowances for residents transitioning to practice.

**What’s covered?**
Rather than come as a flat figure, relocation allowances are typically going to cover the actual cost of moving. Expenses that an employer is likely to cover include:

- A moving company.
- A house hunting trip to find lodging in a new location.
- Transportation to the final destination.
- Packing and unpacking services.
- Temporary housing.

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If you own a home, some costs associated with selling it may be reimbursed. But assistance with selling a home—or a practice buying a candidate’s home to resell it—is very uncommon in the physician job market, Belkin said.

**You may get less**

Residents tend to own less, so their moving expenses are going to be lower. If you find that your expenses are significantly lower than that $10,000 figure, that may be an opportunity, Belkin says.

“I always advise the resident to get a couple different [moving] quotes to make sure that when they come to the employer to show that they have made an attempt to get a reasonable offer,” he said. “It’s logical to have an idea in mind of what it’s going to cost you to relocate. If it’s going to cost you $15,000 and your employers are asking for $10,000, you want to know that.

“If it only costs you $5,000 to relocate and you know the employer is willing to go up to $10,000, there could be some discussion to make that into a signing bonus. Before you sign a contract, in this high-demand market, you do have some leverage.”

The AMA “Making the Rounds” podcast features advice, interviews and discussions on the most important topics affecting residents’ lives and careers. Listen now in Apple Podcasts or check out all the AMA podcasts available.

**Reimbursed moving expenses are taxable**

Companies will either reimburse an employee based on their receipts or work directly with a vendor, such as a moving company. Either way, due to recent tax law changes, that payment is considered taxable income.

“If an employer will go up to $10,000, you’re actually getting less after taxes,” Belkin said. “So, candidates have started having conversations with employers that factor in the tax bracket. The intent here is not to have the physician and family come out of pocket to move locations. So, considering taxes, you might be able to get something like $12,500 if they were offering $10,000” for relocation.

**Relocation without strings attached**

In certain instances, an employer may offer to pay for relocation if an employee commits to staying at
a practice for a required time frame. That type of commitment is common for a signing bonus.

“There are instances where an employer will tie relocation to forgiveness,” Belkin said. “I would advise any resident that if they see that in the contract to push back. If an employer is in a desirable city, that may be different. But typically, relocation is not tied to a time of forgiveness.”

Learn more with the AMA about whether you should expect a signing bonus after residency.