

DVRC Meeting – October 16, 2012

Discussion On Global Mobility Policies

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Agenda

1. The New Mobility Leader
2. Context for increasing global assignments
3. Basic philosophy for compensating expatriates
4. Global Mobility Policy Development
5. Alternatives to the Traditional Expat Package
 - “Expat Lite” or Reduced Benefit
 - Local Pay Plus or Permanent Transfer
 - Short Term Assignment
6. Trends in Policies and Practices Surveys
7. Localizations/International Permanent Transfers
8. Final Thoughts

THE METAMORPHOSIS OF THE NEW MOBILITY LEADER

The background of the slide is composed of several horizontal, wavy bands of color. At the top is a solid dark blue band. Below it is a medium blue band. The next band is a light blue gradient that tapers from left to right. The bottom-most band is a bright teal color.

The Mobility Year In Review

The Unforeseen Impact on Global Assignments

- Shining Path Rebels Kidnap Gas Workers in Peru
- **North Korean Nuclear Concerns**
- Arab Spring
- **Fukushima Nuclear Crisis**
- Greece Debt Crisis
- **US Foreclosures**

The New Mobility Leader Roles and Responsibilities

- **Management Consultant**
- Risk Manager
- **Compensation, Tax, Relocation, and Immigration Content Expert**
- Global Talent Management Bridge
- **Advisor**
- International Assignment Administrator
- **Part-Time Political and Economic Aficionado**

CONTEXT FOR INCREASING GLOBAL ASSIGNMENTS



Context for Increasing Global Assignments

Global mobility overview

Why invest in global mobility?

- The world is becoming flatter, and opportunities are scattered across the globe.
- Companies are expanding operations to drive top line growth but with a focus on efficiency and cost savings
- Mobility has become integral to some companies global leadership development
- A well-run global mobility program can help to build an international perspective within the business as a whole.



Context for Increasing Global Mobility Assignments

Global mobility key drivers

Key drivers for international assignments

- Skills gaps in international locations
- Management development
- Technology transfer
- Senior management role
- Training

Primary compensation design decision drivers

- Operational need
- Cost
- Motivation to accept assignment
- Deploying key/core competitive resources
- Administrative simplicity
- Equitable treatment

Context for Increasing Global Mobility Assignments

Defining “internationally mobile employees”

- Employees on a work assignment for their employer outside of their home country, typically for a finite period
- **Definition issues:**
 - Employees hired locally who are not nationals of the country of hire
 - Employees on assignment for an indefinite period
 - Employees on assignment – country pay and conditions
- Who is the policy meant to cover?
- Is the policy mobility-driven, pay-driven, or both?



Context for Increasing Global Mobility Assignments

Company Profile – Expatriate Programs

Approximately what percentage of your company's long term expatriate population fall into the following age bands		
	2012	2010
35 or Younger	22%	28%
36 or Older	67%	72%

Context for Increasing Global Mobility Assignments

Why is it complex?

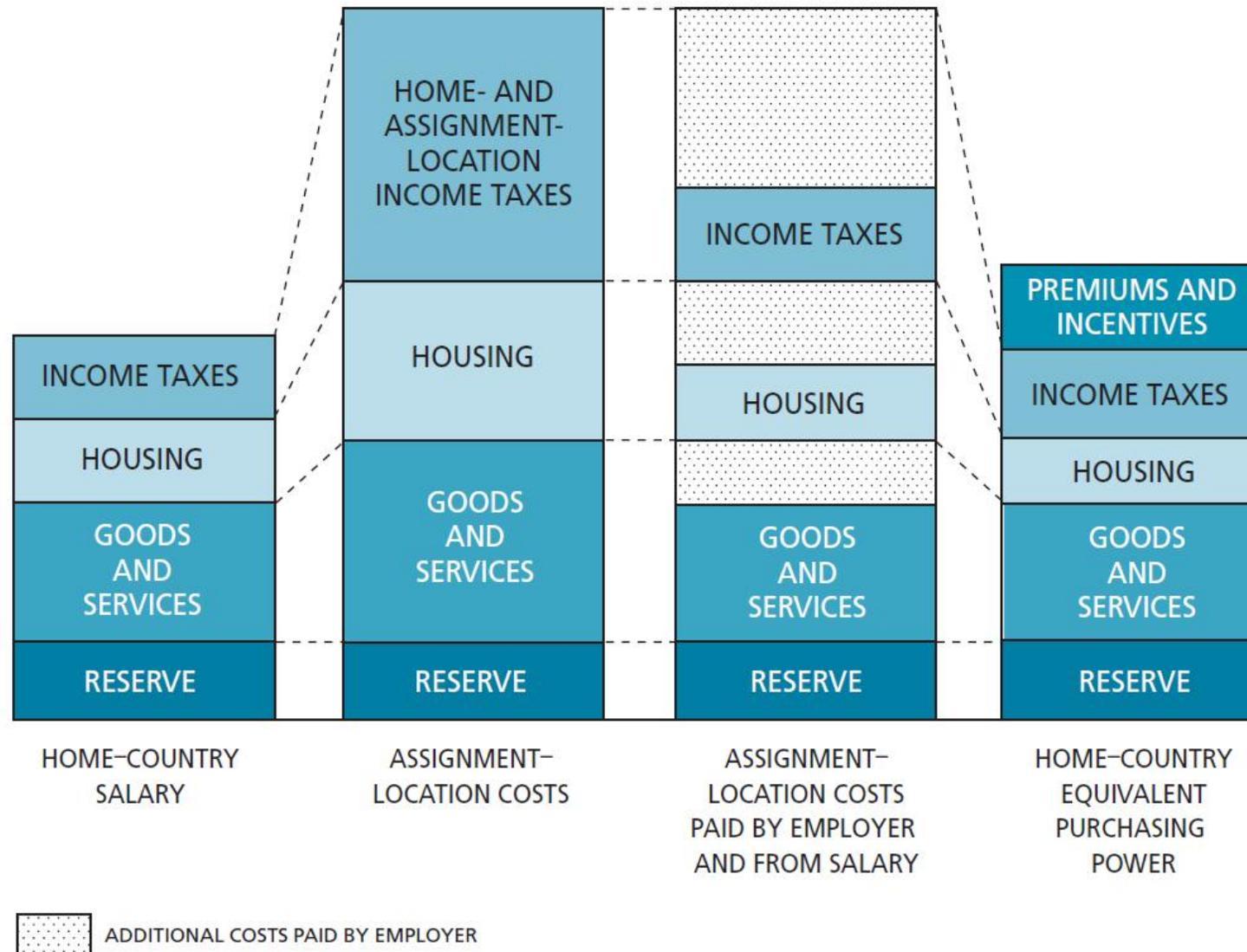
- Gross and net **compensation** varies between countries
- **Purchasing power** varies between countries
- **Exchange rates** change
- **Tax** structures differ
- **Benefits** and social security systems differ
- International **moves disrupt** employees lives
- Some **locations** are unattractive
- **Language** and **culture** differ

BASIC PHILOSOPHY FOR COMPENSATING MOBILE EMPLOYEES



Philosophy for Compensating Mobile Employees

The 'Home Build Up' or 'Balance Sheet' Approach



Philosophy for Compensating Mobile Employees

Key questions

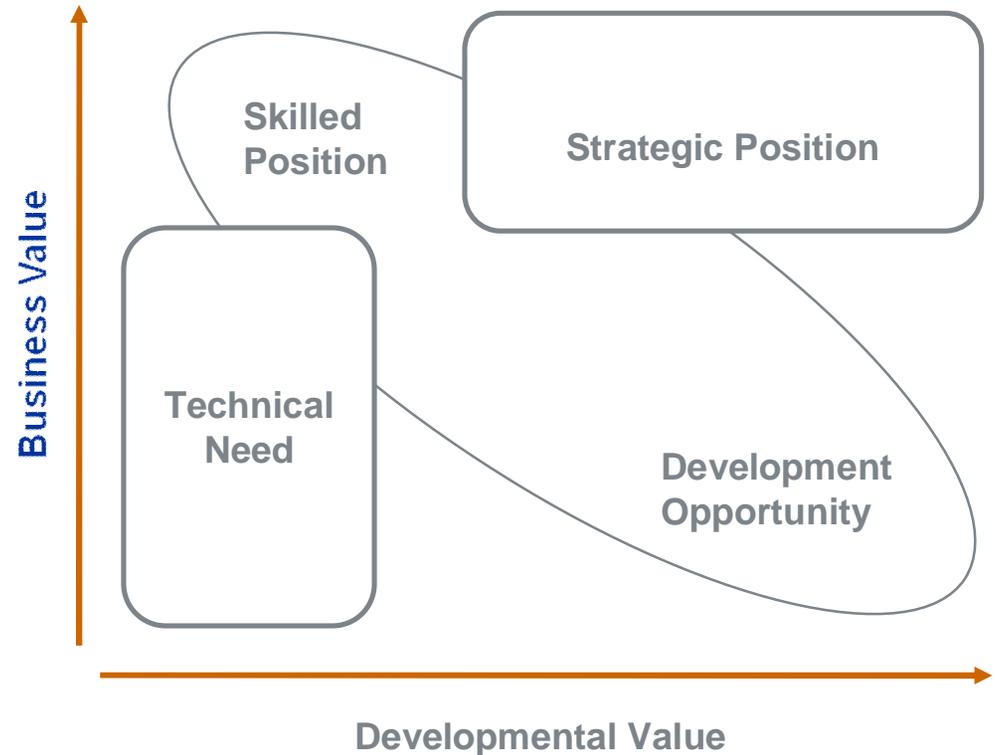
- What are the **job levels** of transferees?
- What is the **nature and length of assignments**?
- What is the economic level of the **home country**?
- What is the economic level of the **assignment country**?
- What are the **cost differences** between the two countries?
- What is the **salary structure** of the home country?
- How well do host peers tolerate **pay disparities**?
- Does a **consistent compensation approach** for all expatriates matter?
- **How many such transfers** are you likely to have?

GLOBAL MOBILITY POLICY DEVELOPMENT



Differentiated workforce/value strategy for managing global mobility

- Anchored by key value drivers
 - Business value
 - Developmental value
- Value drives key decision points for differentiation
 - The opportunity
 - Degree of talent management integration
 - Candidate selection process
 - Compensation



Differentiated workforce/value strategy: Align investment with expected return

Strategic Position

- High business value, high developmental value
- Can be reserved for high *potentials* with a proven track record; staffed with high-performing, high-potential leaders
- Typically full expatriate program/policy; high costs justified with ROI expectations

Skilled Position

- High business value, lower developmental value
- Tied to knowledge retention/transfer efforts
- May initially staff with an expert on a defined assignment with opportunity to hire/train/mentor local talent
- Can be reserved for high *performers* with a proven track record; approaching retirees
- Possibly full expat or short term package, depending on business needs

Differentiated workforce/value strategy: Align investment with expected return

Development Opportunity

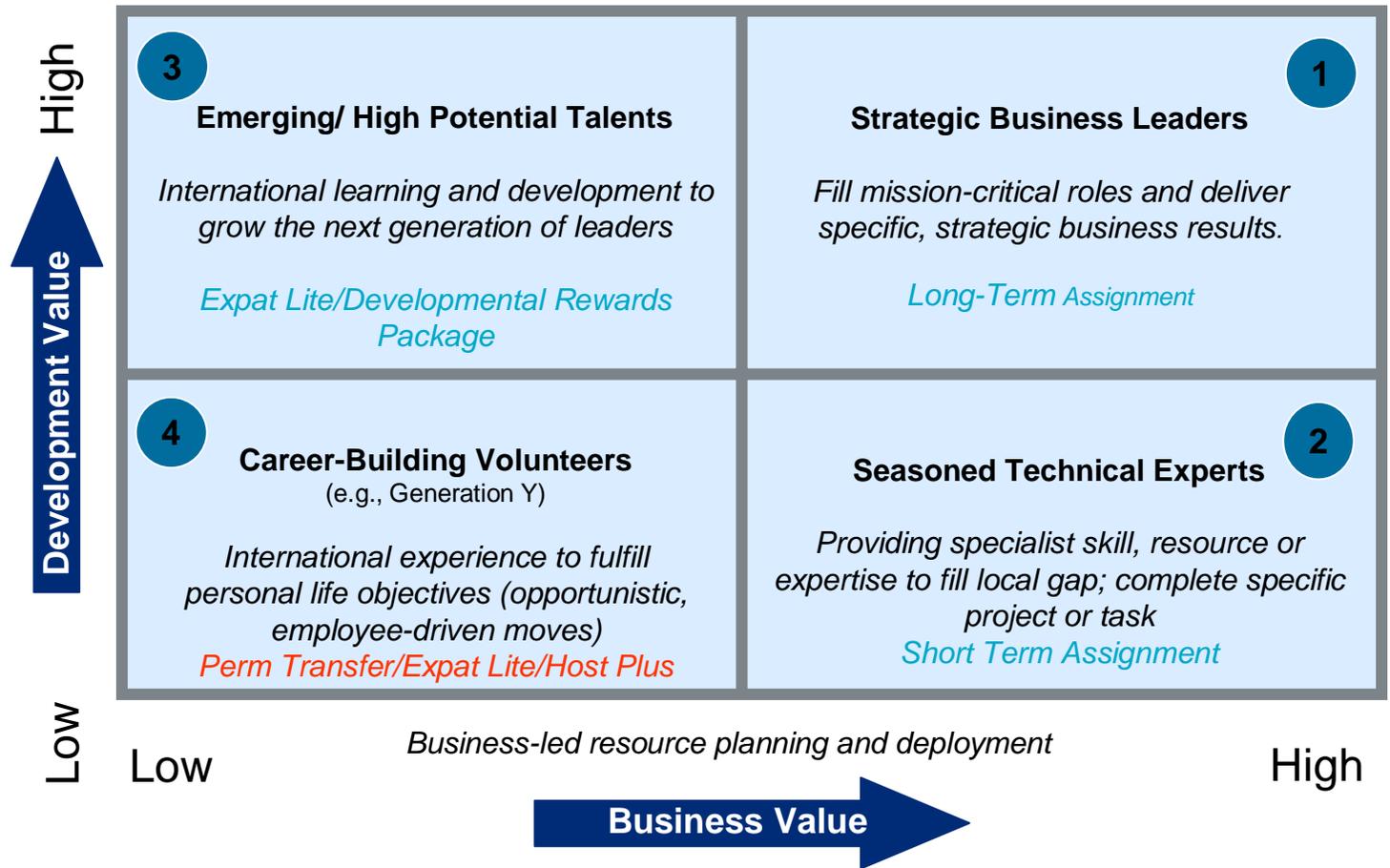
- Lower business value, high developmental value
- Jobs provide critical developmental experience
- Clearly identified next steps
- Reserved for early career high potentials; tied to technical and/or management training programs
- Typically short term assignee or “expat light” package

Technical Need

- Lower business value, lower developmental value
- Expectations to hire/train/mentor local talent
- Reserved for high *performers* with a proven track record; staffed with an expert on a short-term or business travel assignment
- Possibly a short-term assignment or business travel package

Sample: 4 Box model for Talent & Rewards Design Discussions

Corporate-led career pathways and succession management



Sample Mobility Matrix

Microsoft Excel - Mobility Matrix - Generic Sample.xlsx

Home | Insert | Page Layout | Formulas | Data | Review | View | Add-Ins | PDF-XChange 4

Normal | Page Layout | Page Break Preview | Custom Views | Full Screen | Ruler | Gridlines | Message Bar | Formula Bar | Headings | Zoom | 100% | Zoom to Selection | New Window | Arrange All | Freeze Panes | Split | Hide | Unhide | View Side by Side | Synchronous Scrolling | Reset Window Position | Save Workspace | Switch Windows | Macros

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XYZ Company - Mobility Policies Grid & Prescriptive Structures		Strategic				Skilled				Developmental			Technical Need	
Business Purpose		To develop key talent; build the next generation global leadership; strengthen business unit, fill mission critical roles, and deliver strategic business results. High business value / high developmental value				To deliver specific business needs with asset of defined skills; strengthen business unit through knowledge transfer. May hire, train, and/or mentor local talent. High business value / medium developmental value				To develop critical experience or better align the employee; build talent pipeline and foster employer brand. May be employee-driven or based on succession planning with a goal to expand experience and skills. Lower business value / high developmental value			To complete specific projects and/or tasks; deliver specific technical needs by filling local skill gaps; transfer specific technical expertise. May hire, train, and/or mentor local talent. Medium business value / lower developmental value	
Talent Profile		Performance Statement: Exceeds to Significantly Exceeds Expectations. Employee has been identified as a top performer with high potential. Employee is planned for a more senior or expanded role; demonstrate the ability and motivation to be in an strategic role.				Performance Statement: Achieves to Significantly Exceeds Expectations. Employee is well-placed in the current role; is able to develop and grow in the current role and take on new and expanded responsibilities.				Performance Statement: Achieves to Significantly Exceeds Expectations. Employee may be well-placed in current role but paragon desire and demonstrator potential to take on new and expanded responsibilities; may broaden the scope of current role.			Performance Statement: Achieves to Significantly Exceeds Expectations. Employee is well-placed in current role and paragon specialized knowledge.	
Levels Eligible For Assignment Type		MD Director	MD - VP	Area Analyst	All levels	MD Director	MD - VP	Area Analyst	All levels	MD - Area	Area Analyst	All levels	All levels	All levels
Assignment Package		Full Expat	Local Plur	Local to Local / Permanent	Domestic	Full Expat	Local Plur	Local to Local / Permanent	Domestic	Local Plur	Local to Local / Permanent	STA	Local to Local / Permanent	STA
Duration		3 years	1-3 years	Indefinite	Indefinite	1-3 years	1-3 years	Indefinite	Indefinite	1-3 years	Indefinite	3-12 months	Indefinite	3-12 months
Core Benefit	Home Finding Trip	•	•	optional	•	•	•	optional	•	•	optional	•	•	optional
	Home Finding Assistance/Destination Services Support	•	•	•	•	•	•	•	•	•	•	•	•	•
	Reentry Assistance / Leave Cancellation	•	•	•	•	•	•	•	•	•	•	•	•	•
	Automobile Loan on Sale / Leave Cancellation	•	•	•	•	•	•	•	•	•	•	•	•	•
	Miscellaneous Expense Allowance	•	•	•	•	•	•	•	•	•	•	•	•	•
	Temporary Living	•	•	•	•	•	•	•	•	•	•	•	•	•
	Immigration	•	•	•	•	•	•	•	•	•	•	•	•	•
	Household Goods Shipment and Storage	•	•	•	•	•	•	•	•	•	•	•	•	•
	Cost of Living Allowance (COLA)	•	•	•	•	•	•	•	•	•	•	•	•	•
	Per Diem	•	•	•	•	•	•	•	•	•	•	•	•	•
Optional Benefit	Airfare for Expatriation and Repatriation	•	•	•	•	•	•	•	•	•	•	•	•	•
	Tax Preparation Services	•	•	•	•	•	•	•	•	•	•	•	•	•
	Home Lease	•	•	•	•	•	•	•	•	•	•	•	•	•
	Home Allowance	•	•	•	•	•	•	•	•	•	•	•	•	•
	Home Return Deduction / Home Hearing	•	•	•	•	•	•	•	•	•	•	•	•	•
	Spousal Support	•	•	•	•	•	•	•	•	•	•	•	•	•
	Children's Education	•	•	•	•	•	•	•	•	•	•	•	•	•
	Shipment of Household Pets	•	•	•	•	•	•	•	•	•	•	•	•	•
	Cross-Cultural Trainings	•	•	•	•	•	•	•	•	•	•	•	•	•
	Language Trainings	•	•	•	•	•	•	•	•	•	•	•	•	•
Property Management	•	•	•	•	•	•	•	•	•	•	•	•	•	
Home Purchase Assistance (where available)*	•	•	•	•	•	•	•	•	•	•	•	•	•	
Home Sale Assistance (where available)*	•	•	•	•	•	•	•	•	•	•	•	•	•	
Estimated Cost	AMERICAS TO AMERICAS	\$223,719	\$83,816	\$84,049	\$46,996	\$223,719	\$83,816	\$84,049	\$46,996	\$83,816	\$84,049	\$43,365	\$84,049	\$43,365
AMERICAS TO EUROPE	\$479,543	\$133,435	\$91,897	-	\$479,543	\$133,435	\$91,897	-	\$133,435	\$91,897	\$132,896	\$91,897	\$132,896	
AMERICAS TO ASIA (HK/SINGAPORE)	\$,126,129 / \$796,816 / \$294,761	\$162,294 / \$146,761	\$91,897 / \$99,453	-	\$,126,129 / \$796,816 / \$294,761	\$162,294 / \$146,761	\$91,897 / \$99,453	-	\$162,294 / \$146,761	\$91,897 / \$99,453	\$161,912 / \$99,453	\$91,897 / \$99,453	\$161,912 / \$99,453	
AMERICAS TO INDIA	\$428,958	\$146,149	\$88,219	-	\$428,958	\$146,149	\$88,219	-	\$146,149	\$88,219	\$51,744	\$88,219	\$51,744	
Spousal Support	•	•	•	•	•	•	•	•	•	•	•	•	•	
Children's Education	•	•	•	•	•	•	•	•	•	•	•	•	•	
Shipment of Household Pets	•	•	•	•	•	•	•	•	•	•	•	•	•	
Cross-Cultural Trainings	•	•	•	•	•	•	•	•	•	•	•	•	•	
Language Trainings	•	•	•	•	•	•	•	•	•	•	•	•	•	
Property Management	•	•	•	•	•	•	•	•	•	•	•	•	•	
Home Purchase Assistance (where available)*	•	•	•	•	•	•	•	•	•	•	•	•	•	
Home Sale Assistance (where available)*	•	•	•	•	•	•	•	•	•	•	•	•	•	
Estimated Cost	AMERICAS TO AMERICAS	\$152,288	\$215,814	\$16,496	\$4,588	\$152,288	\$215,814	\$16,496	\$4,588	\$215,814	\$16,496	\$5,333	\$16,496	\$5,333
AMERICAS TO EUROPE	\$232,484	\$473,929	\$21,348	-	\$232,484	\$473,929	\$21,348	-	\$473,929	\$21,348	\$5,333	\$21,348	\$5,333	
AMERICAS TO ASIA (HK/SINGAPORE)	\$166,156 / \$171,197 / \$67,467 / \$428,82	\$31,245 / \$29,541	\$21,245 / \$29,541	-	\$166,156 / \$171,197 / \$67,467 / \$428,82	\$31,245 / \$29,541	\$21,245 / \$29,541	-	\$31,245 / \$29,541	\$21,245 / \$29,541	\$5,333 / \$5,333	\$31,245 / \$29,541	\$5,333 / \$5,333	
AMERICAS TO INDIA	\$78,886	\$282,349	\$24,849	-	\$78,886	\$282,349	\$24,849	-	\$282,349	\$24,849	\$5,333	\$24,849	\$5,333	

Average Costs are shown in USD and exclude all optional benefits.
Please note that Administrative Assistants, Executive Assistants and Specialists are not eligible for relocation/assignments.

14 | Cover | PS | Costs | Americas to Americas | Americas to Asia | Americas to EMEA | Americas to India | Average: 40068.20236 | Count: 919 | Sum: 23760444 | 50% | 9:17 AM

Key practices

- Start with the position
 - Determine the opportunity / type of position (and the corresponding compensation package)
 - Clearly define expectations for results and performance
 - Identify what is needed for success in the position (e.g. skills, experience, competencies, etc.)
 - Determine what the position provides an individual in terms of opportunity and development

Key practices

- Then look for people
 - Consider workforce, succession, talent plans
 - Review data on potential candidates – skilled, interested, and available
 - Take into account career goals
 - Leverage diversity initiatives to promote a more diverse slate of candidates
 - Use effective selection criteria to assess candidates
 - Develop mechanisms to coach and track assignees

Thoughts on improving Global Mobility

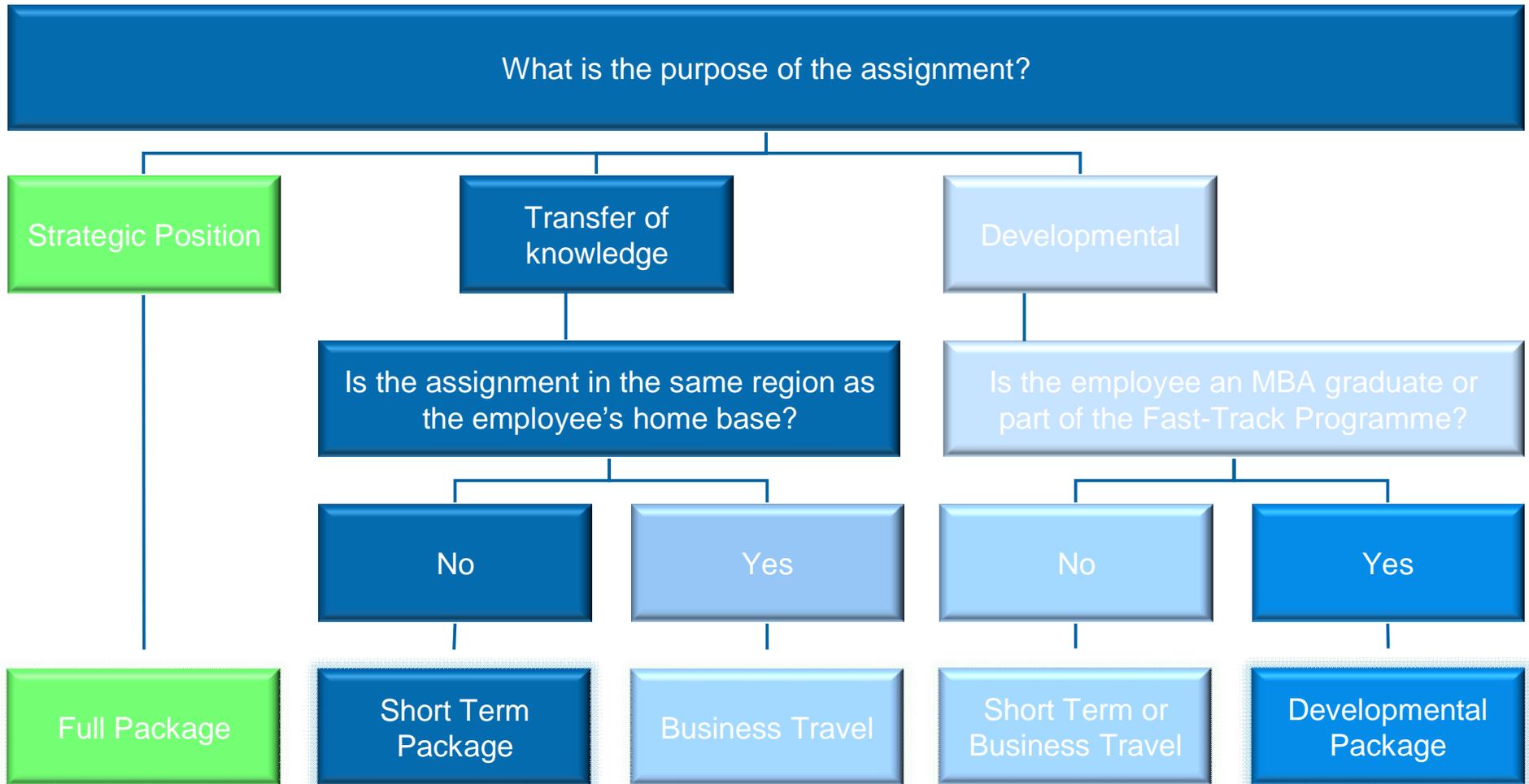
- Revisit your vision for global mobility
 - **Use expat assignments ONLY for talent development; handle “tactical” assignments (e.g., to facilitate technology transfer) differently**
 - **Consider a more segmented approach**
 - **Connect it to broader company performance objectives**
- Focus on developing capabilities to support and demonstrate the value of global mobility
 - **Define expat categories in context of talent categories to create alignment and linkage**
 - **Establish global policies, practices, processes and tools**
 - **Create metrics/analytics that monitor and report on the development and business value of assignments**
- Define and communicate the global mobility brand broadly
 - **Communicate (market) the value proposition**
 - **Position global mobility as a part of business and talent strategy**

Thoughts on improving Global Mobility

- Introduce assignments earlier in employee careers to accelerate the development of future leaders and provide opportunities that are attractive in terms of
 - **Lower costs**
 - **Ability to attract and retain Gen Y employees who are**
 - Eager to have 'meaningful' roles with clear impact
 - Primarily driven by opportunities to learn
 - More comfortable managing virtual relationships
 - More comfortable in a 'diverse' environment
- Make discussions of international assignments part of the talent review process (less autonomy, but improved results through better integration with strategic talent and business drivers)
 - **Formulate an “exit” plan, i.e., a next career step/job move that is planned ahead of making the international assignment**

Thoughts on improving Global Mobility

- Develop a “Decision Tree”
 - **Process map customized for your organization;**
 - **documenting key steps and decision points, from start to finish;**
 - **providing leaders with a standardized, step-by-step process for everything from selection to repatriation;**
 - **identifying responsibilities and outcomes**



ALTERNATIVES TO THE TRADITIONAL EXPAT PACKAGE

Local Plus

Local salary + Expatriate allowances/benefits

- Assignee is provided a **local salary with benefits**.
- Local or host salary could be a great financial solution and **incentive** for the employee.
- Expatriate allowances (e.g. housing provisions, mobility or foreign services premiums) may be overly **generous**.
- Such an approach could become a **barrier to future mobility** and repatriation.

Local Plus Sample Calculator

Host Tax Plus Allowances Input

Company	Sample Company
Assignee Name	Jane Doe, Director
Family Size	4
Annual Base Salary	1,656,300
Annual Bonus	-
Host City	Beijing
Host Country	China
Local Currency	CNY
FX Rate = 1 USD : 6 CNY	6.00000
Housing Norm	include

Annual Allowances	
1) Education	Mercer Data
# of Children	2
Specified Amount	
2) Housing	Mercer Data
Neighborhood	Expensive
Furnished / Unfurnished	furnished
Apartment / House	house
# of Bedrooms	5
Specified Amount	
3) Healthcare Premium	40,000
4) Other	-

Calculate

Host Tax Plus Allowances Report

Host Salary		USD
Gross Base Salary	1,656,300	276,050
Gross Bonus	-	-
Total Gross Income	1,656,300	276,050
Hypothetical Taxes		
Federal/National Tax	(535,516)	(89,253)
Local/Provincial/Canton Tax	-	-
Social Security/National Insurance	(32,264)	(5,377)
Housing Norm		
Housing Norm	(69,829)	(11,638)
Net Local Income	1,018,691	\$ 169,782
Host Allowances		
Host Housing	804,000	134,000
Healthcare Premium	40,000	6,667
Dependent Education	283,528	47,255
Other	-	-
Total Allowances	1,127,528	187,921
Tax Gross-Up		
Federal/National Tax	922,523	153,754
Local/Provincial/Canton Tax	-	-
Social Security/National Insurance	-	-
Tax Gross-Up on Allowances	922,523	\$ 153,754
Host Tax Plus Allowances Package		
Gross Allowances	1,127,528	187,921
Tax Gross-Up	922,523	153,754
Housing Norm	(69,829)	(11,638)
Gross Value of Pay Package	1,980,222	\$ 330,037

The Short-Term Assignment

- International assignments that typically last from three to twelve months.
- Longer than a business trip, but shorter than an expatriate assignment.
- Furnished accommodations with self-catering facilities are generally provided.
- Short term assignment per diems provided.
- Private transportation is provided separate from per diem.
- Trips home every 8-12 weeks

The Short-Term Assignment

Short Term Assignment Global Per Diem Calculator		
Home:	United States	
Host:	Milan, Italy	
Index Type:	STAA	
Price Type:	Expatriate	
FX Rate:	1 USD : 0.7132 EUR	
Global Salary Level:	USD 80,000	
	Single	Accompanied
STPD (home currency):	USD 74	USD 114
STPD (host currency):	EUR 53	EUR 82

Assumptions:

Worldwide weights are used to incorporate global spending patterns
 Assignment length is between three and twelve months
 Company provides furnished housing with kitchen facilities
 Company provides private transportation assistance separately

Other Notes:

The short term assignment per diem is designed to cover all reasonable living costs incurred by the individual on assignment, and includes costs in the following categories of goods and services:

*Food at Home
 Tobacco and Alcohol
 Personal Care
 Recreation, excluding durable goods
 Public Transportation
 Food Away from Home*

Categories not covered by the per diem, and excluded from the market basket include:

*Furnishings and Household Operations
 Clothing
 Medical Care
 Recreation Durables
 Private Transportation
 Domestic Service*

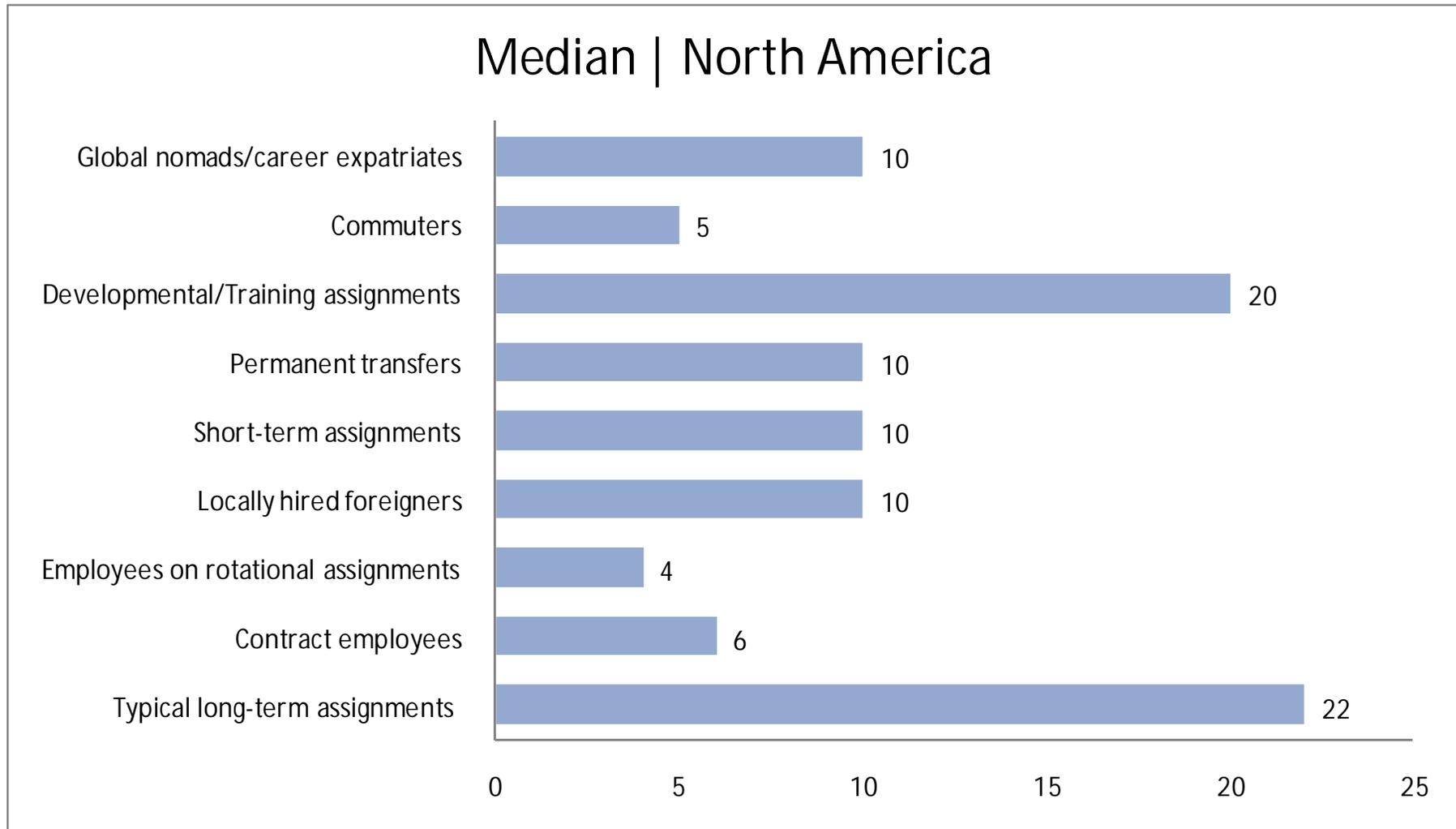
TRENDS IN INTERNATIONAL POLICIES AND PRACTICES

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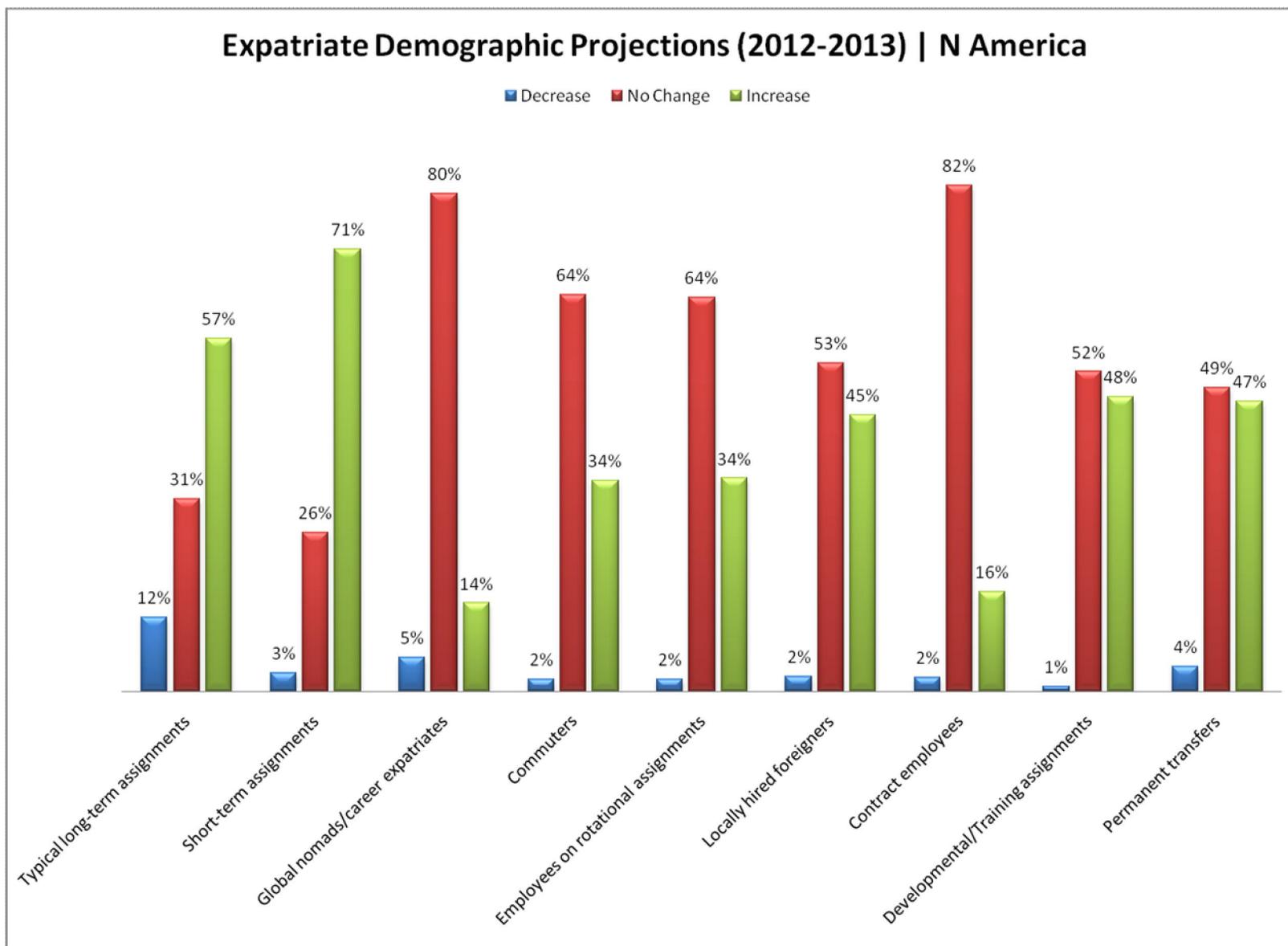
Mercer's 2012 *Worldwide International Assignment Policies and Practices Survey (WIAPPS)*

- 750+ Worldwide participants to date / Evergreen
 - 366 North America
 - 218 Europe
 - 114 APAC
 - Japan (December 2012)
- 2012 complete redesign of Mercer survey
 - Mercer IAS + ORC PPS = Mercer WIAPPS
- Covers all major areas of global mobility policy & practices, including an all new section of key practices information for a range of assignment scenarios: strategic, MBA-early career, intra-regional, one-way international relocation, international local hire, C-suite / career expatriate, and short-term
- Longest continually running survey of it's kind

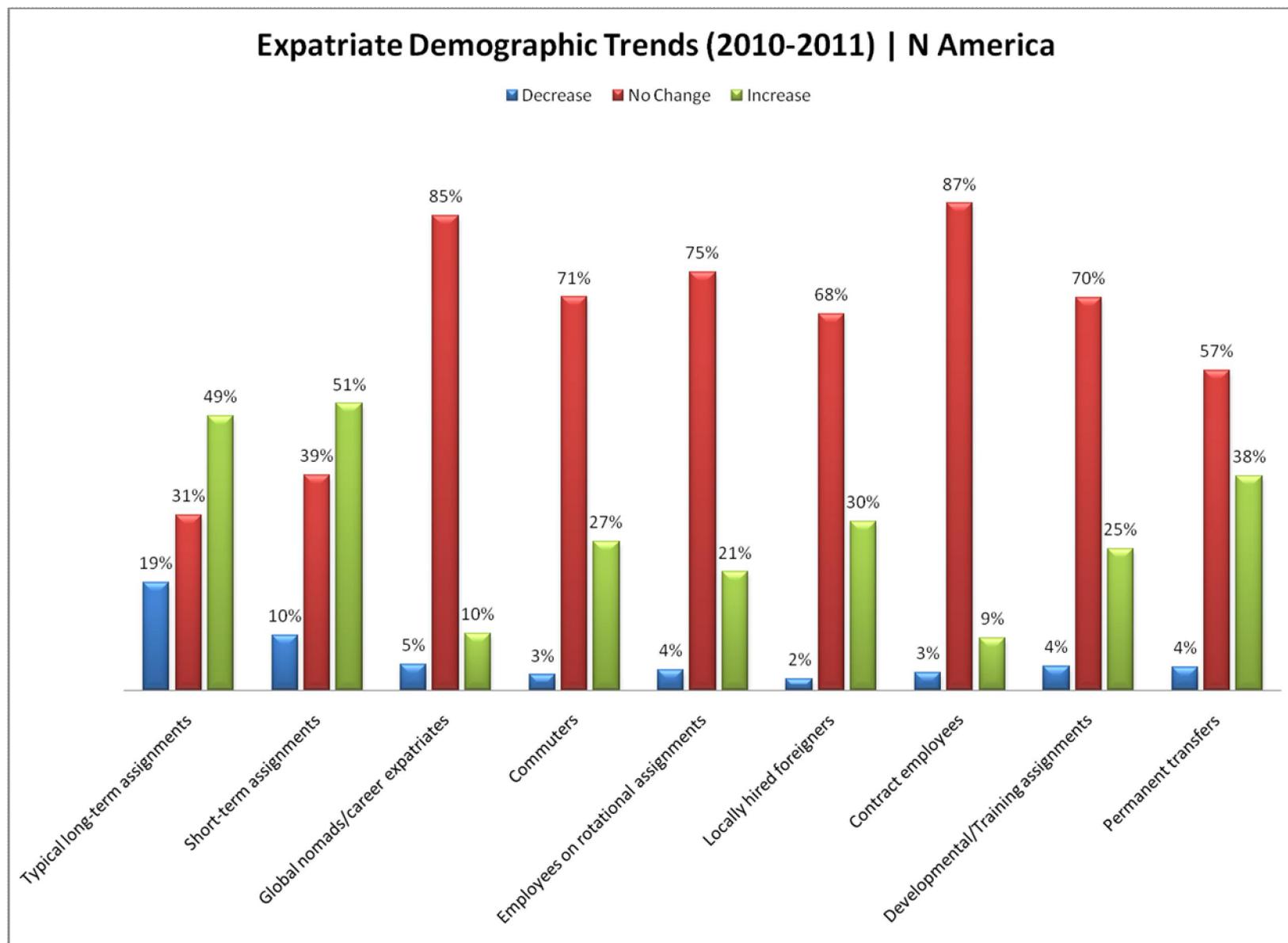
Number of International Assignees by Type of Assignment (2012)



Expatriate Demographic Projections (2012-2013)



Expatriate Demographic Trends (2010-2011)



Global Mobility Policy Elements Under Review

North America

What policies, package elements, or terms and conditions of your assignment program have you reviewed or are you planning to review?	N=	Reviewed during the last 2 yrs	Currently under review	Planning to review	N/A
Global international assignment policy	331	41.4%	29.9%	20.5%	8.2%
Intra-regional transfer policy	310	16.8%	15.8%	19.4%	48.1%
Compensation approach	320	30.3%	20.6%	16.6%	32.5%
Expatriate allowances and premiums (COLA, mobility, hardship)	327	44.6%	26.6%	16.5%	12.2%
Benefits (housing, education, company car, home leave)	326	43.3%	25.5%	17.8%	13.5%
Tax policy	322	42.9%	21.4%	14.6%	21.1%
Short-term assignment policy	324	34.3%	24.4%	21.3%	20.1%
Localization policy	323	25.4%	20.4%	25.1%	29.1%
Spouse support policy	315	20.0%	15.6%	13.3%	51.1%
Pre-assignment training or support elements (or both)	316	22.2%	17.7%	19.0%	41.1%
Vendor Management (relocation, tax, data, etc)	322	33.5%	24.8%	19.6%	22.0%
Tiered policy development	316	13.3%	14.6%	21.5%	50.6%

Global Mobility Program Concerns

North America

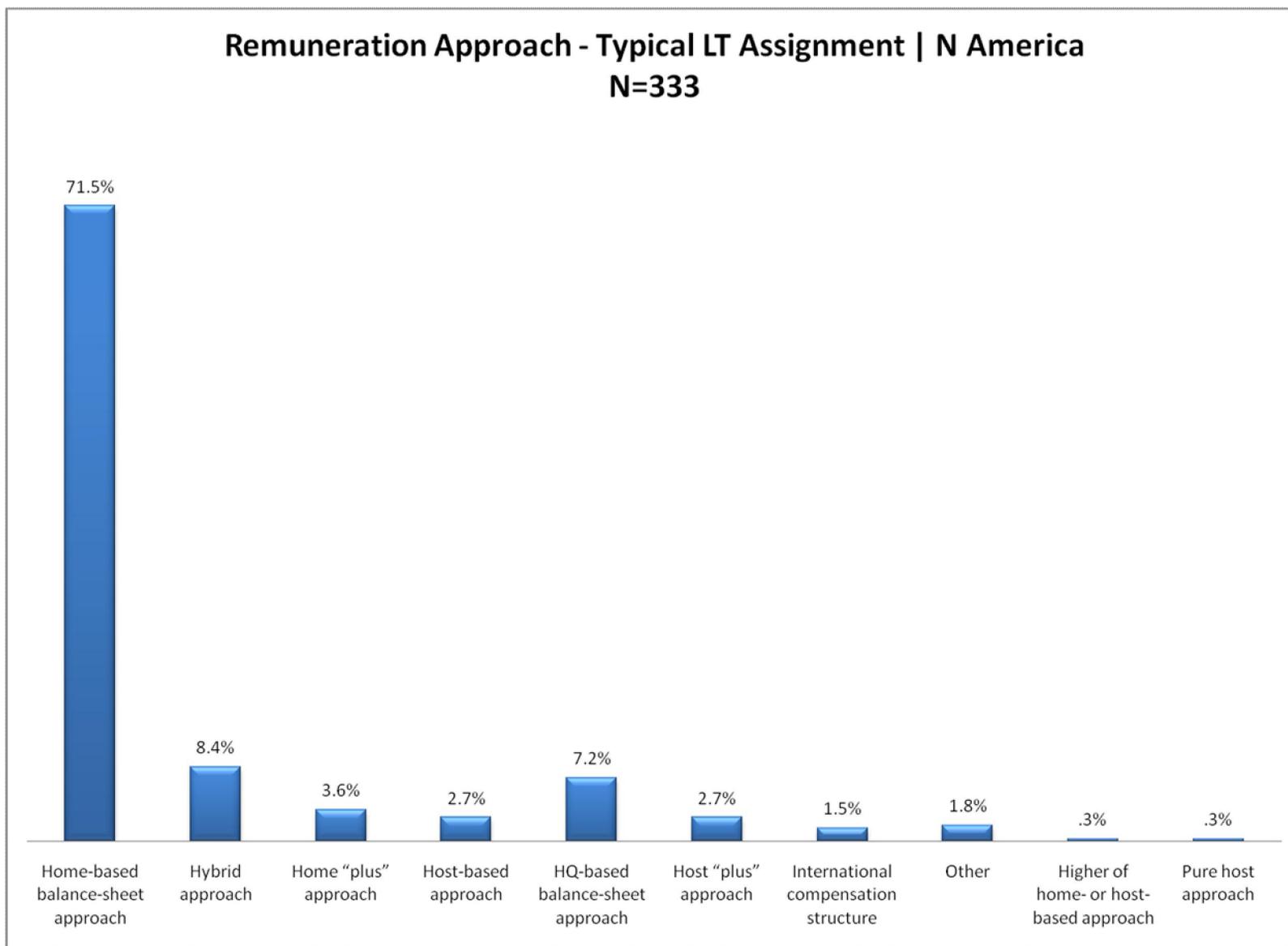
Rate these concerns regarding your mobility program according to how important they are for your management.

			1	2	3	4
	N=	Average score	Not at all important			Extremely important
Finding suitable candidates for assignments	331	3.44	2.7%	9.7%	28.4%	59.2%
Current conditions may not be attractive enough	324	2.45	6.8%	46.9%	40.4%	5.9%
Current policies do not allow for flexibility	323	2.33	13.6%	48.3%	29.7%	8.4%
Not enough policy segmentation)	321	2.34	15.6%	45.5%	28.0%	10.9%
Current conditions are too costly	329	3.02	3.0%	21.0%	46.5%	29.5%
Performance level of employees on assignment	322	2.87	4.0%	31.1%	39.1%	25.8%
Inability to use gained experience upon repatriation	326	2.61	9.5%	35.3%	40.2%	15.0%

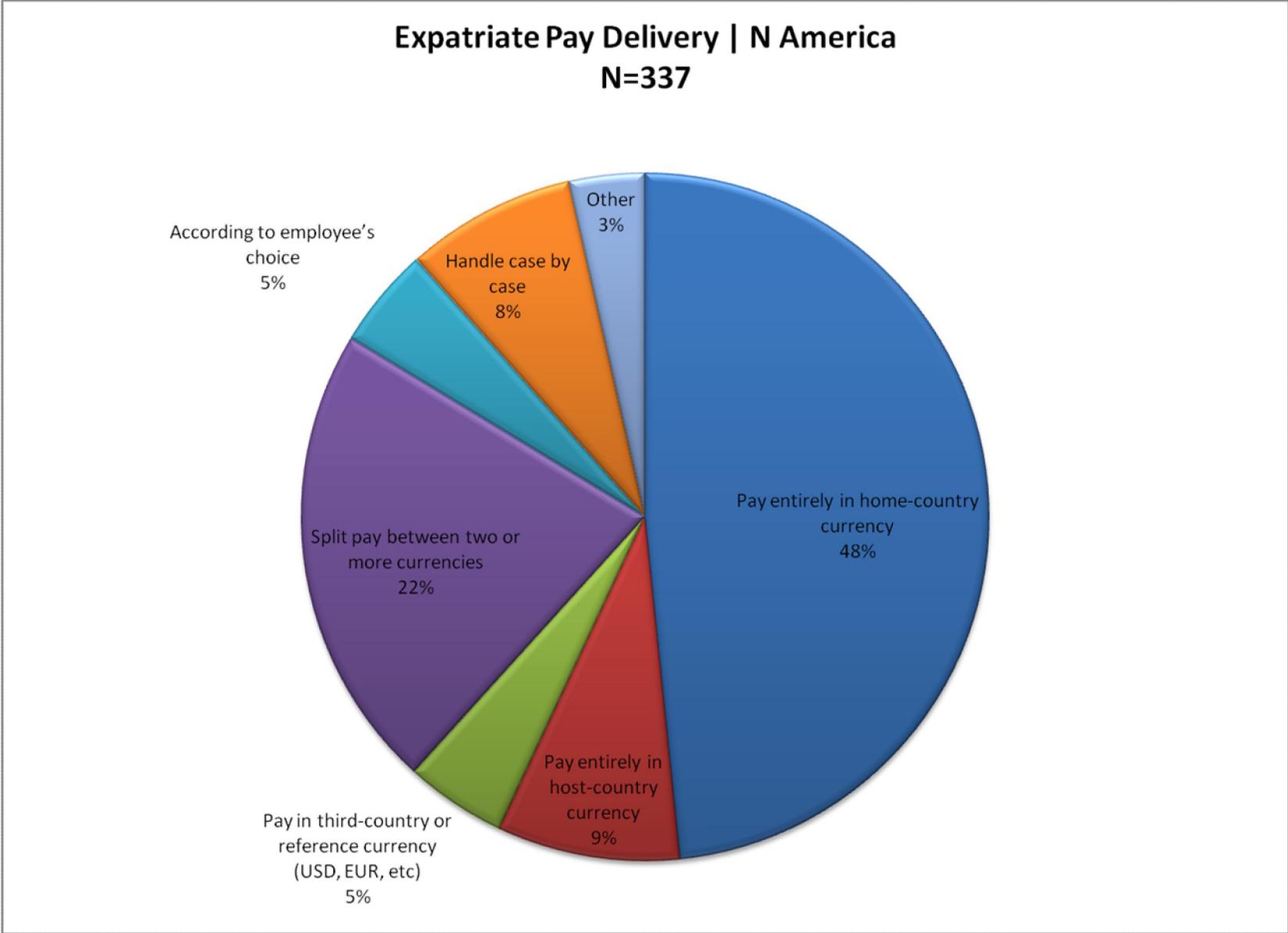
4-Box Model North America

Emerging/ High-Potential Talents – International learning and development to grow the next generation of leaders					Strategic Business Leaders – Fill mission - critical roles and deliver specific, strategic business results				
N=	25TH %	AVG	MED	75TH %	N=	25TH %	AVG	MED	75TH %
215	10%	22%	20%	30%	270	20%	41%	40%	50%
Have a Specific Policy: 17.9%					Have a Specific Policy: 19.1%				
Career-Building Volunteers – International experience to fulfill personal life objectives (opportunistic, employee - driven moves)					Seasoned Technical Experts – Providing specialist skill, resource or expertise to fill local gap; complete specific project or task				
N=	25TH %	AVG	MED	75TH %	N=	25TH %	AVG	MED	75TH %
120	5%	15%	10%	20%	265	25%	45%	40%	65%
Have a Specific Policy: 11.9%					Have a Specific Policy: 17.1%				

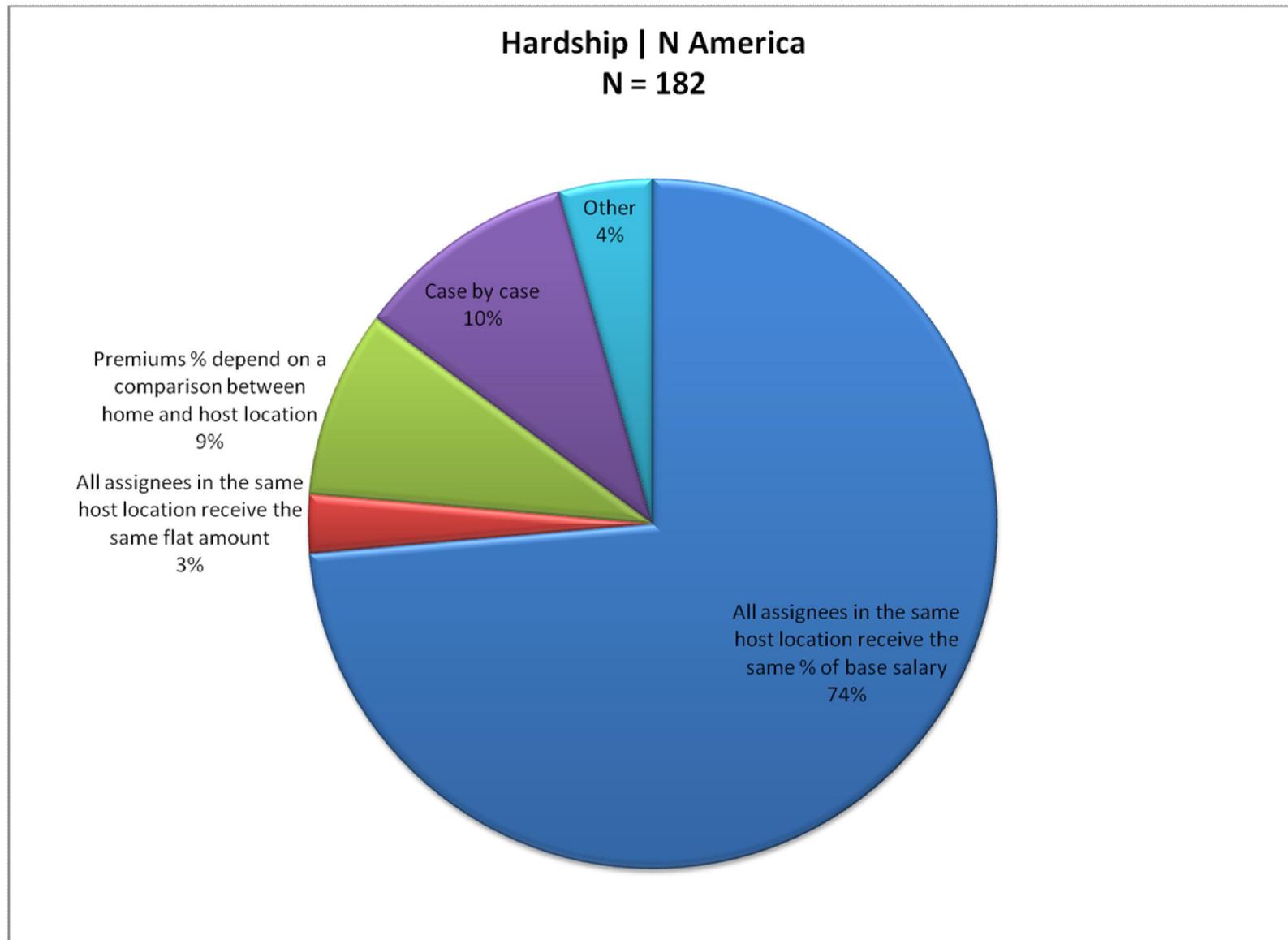
Compensation Approach for Global Assignment



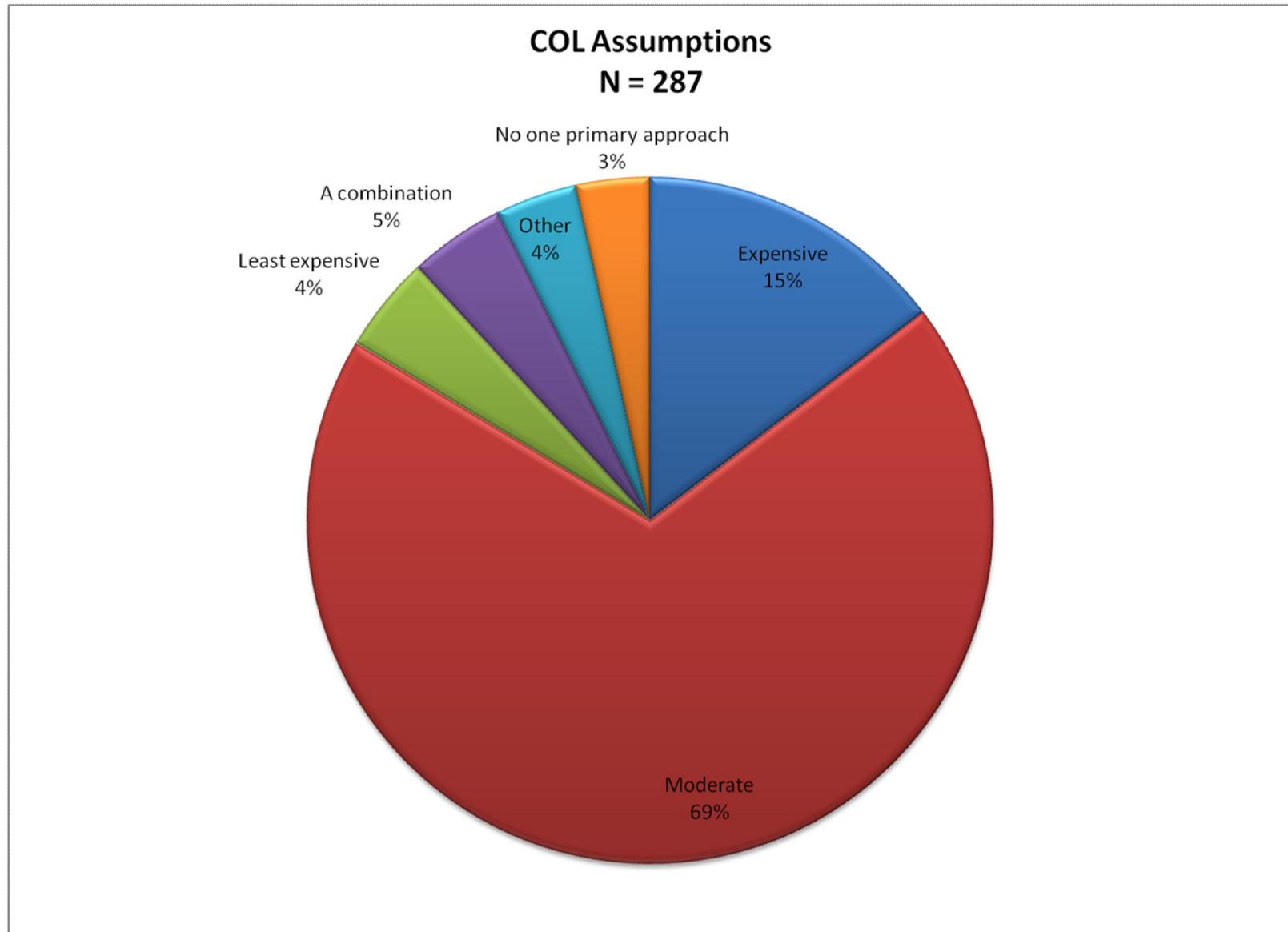
Delivery of Expatriate Remuneration



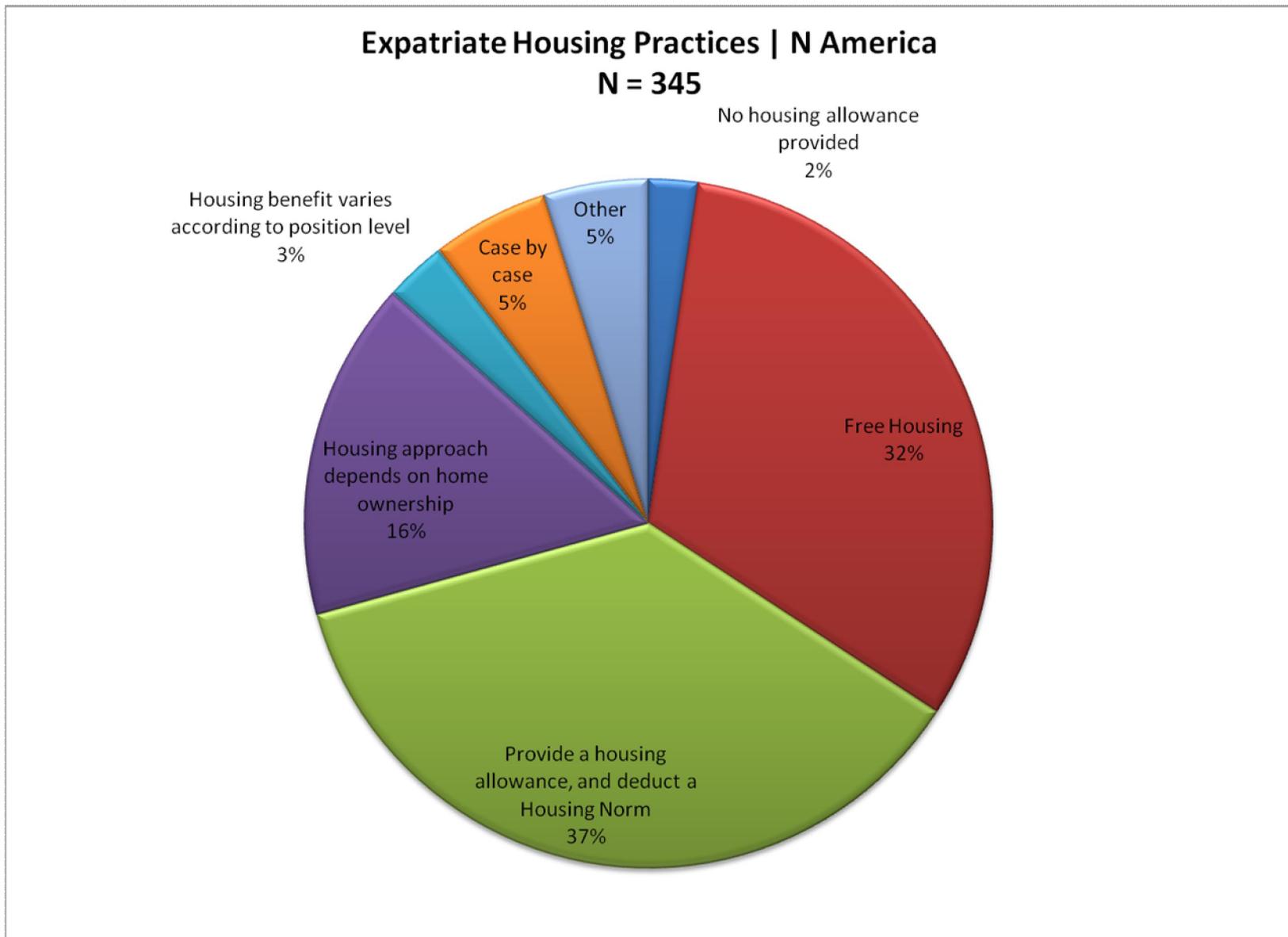
Hardship



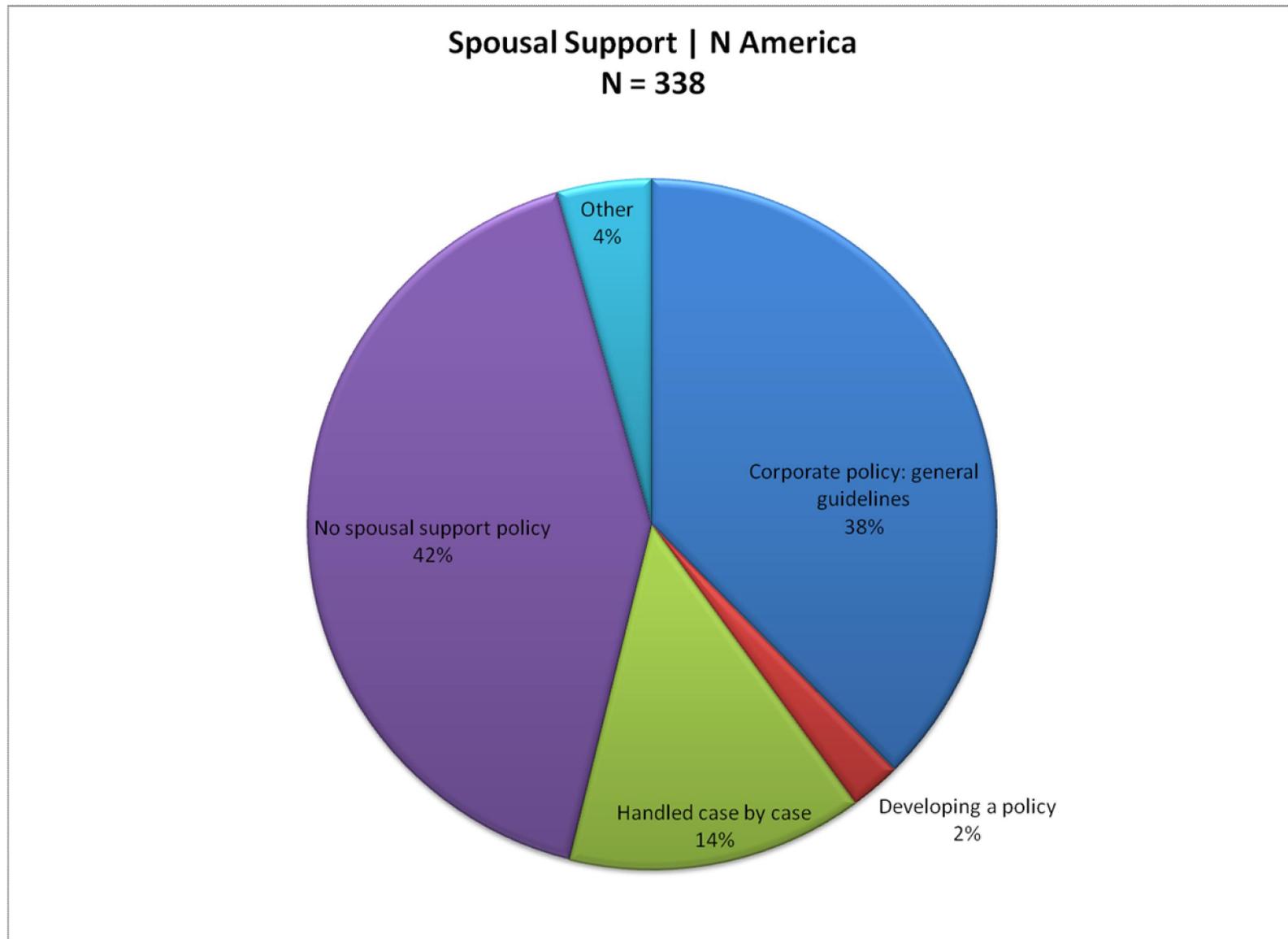
Cost of Living – Index Pricing Levels



Housing



Spousal Support



LOCALIZATION & INTERNATIONAL PERMANENT TRANSFER POLICY

The background of the slide is composed of several horizontal bands of color. At the top is a solid dark blue band. Below it is a medium blue band. The bottom half of the slide is dominated by a large, light blue wavy band that curves across the width of the page. Below this wavy band is a solid teal band.

Localizations vs International Permanent Transfers

Localization: *The process by which an employee is integrated into a host-country compensation and benefits system most likely after being on an expatriate assignment.*

International Permanent Transfer: *The process by which an employee is permanently transferred to another country and integrated immediately onto the host structure.*

Summary of Treatment

Component	Expat Package	Localization	Permanent Transfer
Base Salary/Bonus	Home Based	Local Peer/Market Price	Local Peer/Market price
FSP/Mobility Allowance	X	N/A	N/A
COLA	X	May phase out/lesser index/pay out	N/A
Housing Allowance	X	May phase out/pay out	N/A
Education	X	May phase out/pay out	N/A
MRA	X	N/A	X
Relocation	X	X	X
Tax Service	X	X	X

Tough Package Issues for both Localization & Permanent Transfers

- Retirement, social security
- Income taxes
- Housing
- Cash Compensation/Incentives
- Education

Key Aspects of the Localization Process

Identify and Analyze	Design Alternatives	Validate Approach	Communicate and Plan	Implement
Who are candidates ?	Consider current entitlements and net cash position	Confirm projected impacts of alternatives (net cash, non-cash benefits) as well as legal and tax implications in home and host.	Review plan with assignee and his/her direct leadership	Change employment, compensation, benefits, payroll administration and other arrangements as necessary
Can they be reassigned / repatriated ?	Assess current non-cash benefits (assignment related, retirement, etc)		Develop implementation plan	
Impact on the business / operations		Review with past practices and organizational culture	Communicate plan to relevant stakeholders including those that will be impacted by implementing a new arrangement	Discontinue expatriate related services from third party providers
Is a "local" compensation approach be feasible ? / What is the local "price" of the job?	Prepare comparative analyses to model out approach and transition	Secure approval of relevant stakeholders		

Localization – Building the Pay Package

ORC Net-to-Net Comparison

Company: Sample Net-to-Net
Assignee Name: John Doe
Family Size: 4

Index: 102.7250
Index Date: August 17, 2009
Index Price Type: International
Exchange Rate: 1.4413

Home City: United States (Houston, TX)
Assignment Location: Singapore (Singapore)
Home Currency: United States of America, Dollars
Assignment Currency: Singapore, Dollars

Current Compensation United States		Equivalent Compensation Singapore		Company Proposed Compensation Singapore	
	USD		SGD		SGD
Current Base Salary	150,000	Target Base Salary	193,826	Proposed Base Salary	225,000
Current Bonus	15,000	Target Bonus	19,383	Proposed Bonus	22,500
Total Cash Compensation	165,000	Target Total Compensation:	213,209	Total Cash Compensation	247,500
Taxes		Taxes		Taxes	
Hypothetical Tax - Federal	(24,454)	Hypothetical - Tax	(20,962)	Hypothetical Tax - Federal	(26,702)
Hypothetical Tax - State	-	Hypothetical Tax - State	-	Hypothetical Tax - State	-
Social Security / National Insurance	(9,014)	Social Security / National Insurance	(14,080)	Social Security / National Insurance	(14,608)
Housing		Housing		Housing	
Housing Norm	(24,336)	Housing Norm	(21,291)	Housing Norm	(23,998)
Net Income at home	107,196	Target Net Income	156,876	Target Net Income	182,192
Cost-of-Living Adjustment	1,647				
TARGET NET INCOME AT HOST	108,843			Net Difference	
		exchange rate: USD 1.00 = S\$ 1.4413		equivalent v. proposed	SGD 25,316
			156,876		

Prepared by: JAP

The Net to Net methodology adjusts an individual's home-country net pay for cost-of-living differences, then grosses up for *local* taxes and housing to establish a target compensation package in the host country. We can compare the target base salary to your companies proposed base salary to determine the net difference.

Keys to Localization & Permanent Transfer Success

- Early start
- Management commitment
- Policy limiting duration of full expatriate status
- Appropriate employee selection
- Careful, continuing follow-up and monitoring
- Employee understanding
- Agreement that sets the stage
- Perceived to be fair and equitable
 - Local market
 - Company
 - Employee
- Employee commitment to local market for long term
- Careful follow-up and monitoring

FINAL THOUGHTS

The image features a dark blue header at the top containing the text 'FINAL THOUGHTS'. Below this, the background is composed of several horizontal bands of color: a medium teal band, a light blue band, and a darker teal band at the bottom. The boundaries between these bands are slightly wavy, creating a layered, abstract effect.

Final Thoughts On Managing The Future Mobility Discussion

Organizations will continue to source talent globally

- Ongoing need to **validate mobility program** and philosophy
- One size or approach **does not fit all**
- Review / **cost** model transfers
- **Partner** with your internal stakeholders
- Spend more time upfront on **objectives** of assignment



QUESTIONS?

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