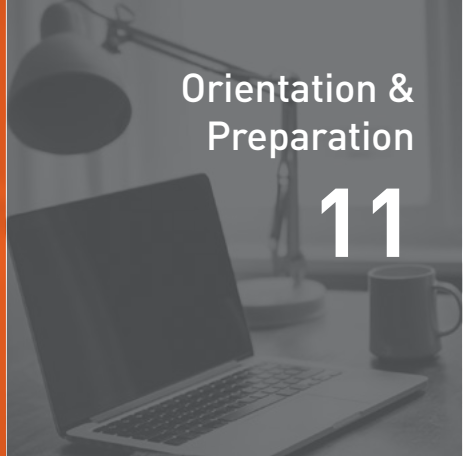
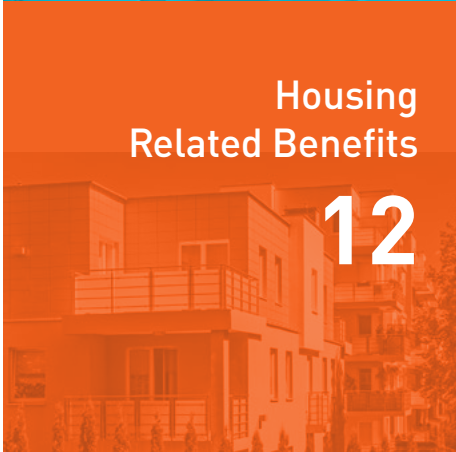




Cross-Border Transfers: Analyzing Best Practices and Trends

What's Inside this Report?

 Executive Summary 3	 Program Goals & Scope 5	 Employee Benefits Packages 9	 Orientation & Preparation 11
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Executive Summary

Many employees value the opportunity for a cross-border transfer assignment. Some even see a better path for career advancement in these situations.

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In commerce, international borders are not barriers; they're doors to opportunities. Mobility programs move people through those doors and sustain them on the other side so they can accomplish great things on behalf of their organizations.

Mobility best practices are evolving. Certain relocation arrangements that were optimal five years ago are considered less than ideal today. Others, like cross-border transfers, were rarely suggested five years ago, but are now commonplace.

Cross-Border Transfers

A cross-border transfer is a relocation arrangement in which an employee permanently moves (or relocates on an indefinite, open-ended basis) to another country on behalf of his or her employer. Companies see a significant financial advantage with a cross-border transfer compared to a more traditional long-term assignment because:

- » It's usually a one-way arrangement with no obligation for repatriation support
- » Organizations don't provide ongoing expatriate support once the transfer is completed and the employee quickly becomes subject to local economic conditions and practice

Additionally, this approach can:

- » Permanently seed smaller offices with necessary talent unavailable locally
- » Foster "cross pollination" of best practices worldwide throughout a company
- » Enhance an organization's pool of globally experienced talent

Many employees value the opportunity for a cross-border transfer assignment. Some even see a better path for career advancement in these situations. And as world views become more globally oriented, employees view these assignments less as "exile" situations and more as personal broadening opportunities.

Real World Implementation

We asked Mobility professionals about their recent experiences with cross-border transfers and gathered information about their program design and the relocation benefits they offer in these situations. These professionals had, on average, 13 years of experience in Mobility program management.

Executive Summary

Surprisingly, most companies do not adjust their cross-border transfer programs to reflect specific local conditions.

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In Short We Found...

- » Cross-border transfer program best practices and industry norms continue to evolve as more and more companies of all sizes achieve multinational status, search for cost-efficiencies and seek to convince key employees to accept global relocations.
- » Successful companies seek to combine management and structural best practices with competitive benefit allowances; they fine-tune these policy standards to reflect a company's unique culture and history.
- » There's a fine line between competitive and generous benefits, and Mobility professionals are eager to hear how their programs compare to those of other organizations.
- » Cross-border transfer benefit packages vary depending on the employment status of the transferee, corporate or business unit objectives and personal situations (e.g., homeownership and family considerations).
- » We were surprised to learn that companies do not adjust their programs to reflect specific local conditions. After all, requirements for a relocation to the APAC region can be quite different than for a relocation to Paris.
- » We were pleased to learn about the high level of pre-deployment orientation companies offer employees in areas such as financial planning, healthcare and cultural orientation.

Who are the Industry Insiders We Talked To?

We talked with 40 Mobility professionals who shared their perspectives and experiences related to cross-border transfers. Out of respect for their privacy, we can't name names...but we *can* say that their companies are headquartered around the world and have an average of:


39,000
employees

\$32.6
billion
worldwide
corporate revenue

The companies represent a wide range of industries with a heavy emphasis on the technology, healthcare, engineering, financial and manufacturing sectors. All of the companies use cross-border relocations.

What We Learned

Since Graebel continually seeks to identify and share corporate Mobility best practices, we're pleased to present what we learned from these Industry Insiders about their experience with cross-border transfers.

We'll look first at the macro level in terms of the programs' goals and scope and then at the micro level with respect to the specific benefits they offer > > >

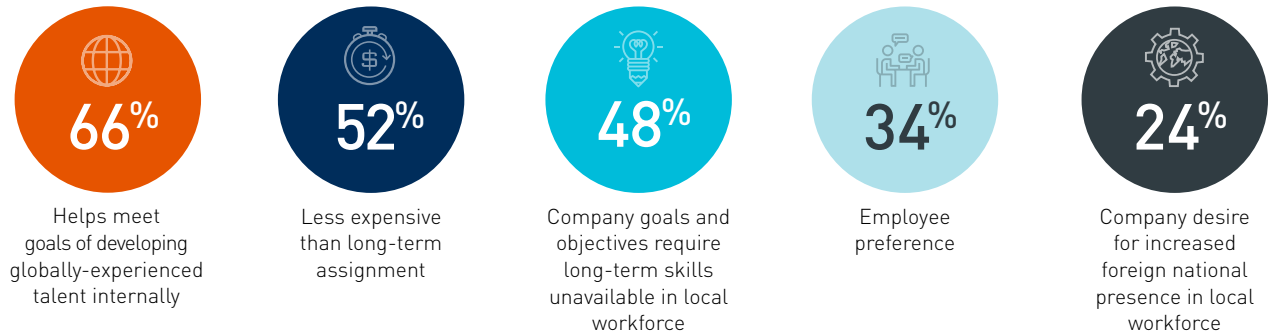
Program Goals & Scope

Companies initiate cross-border transfers for a variety of reasons, but a majority of these Mobility professionals consider it an important tool in developing a globally-experienced workforce.

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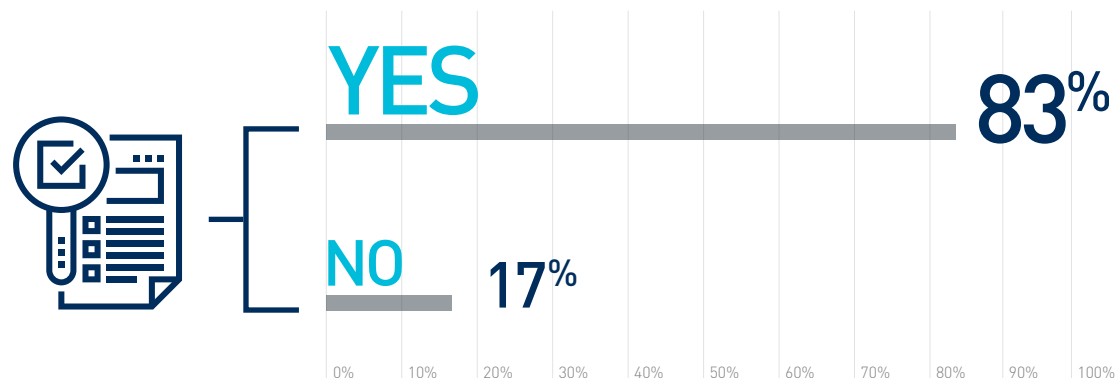
WHY CROSS-BORDER TRANSFERS?

As described earlier, cross-border transfers can be a win-win for both employer and employee. With that in mind, why specifically do companies make cross-border transfer assignments?



PROGRAM RESULTS

Have cross-border transfer programs helped companies achieve their talent and workplace management goals?



Program Goals & Scope

Of companies who have multiple cross-border transfer policies, over 50% have five or more variations.

NUMBER OF POLICIES

How many different policies do companies maintain for various cross-border transfer situations?



55%

One policy



45%

Multiple policies

2 policies 9%
3 policies 18%
4 policies 18%
5+ policies 55%

POLICY BENEFIT DIFFERENTIATION

On what basis do companies adjust or differentiate the benefit levels within their cross-border transfer programs? *(Interestingly, none of the insiders adjust their programs based on the location of the transferee.)*



18%

Renter or
Homeowner status



64%

Employee level within the organization



18%

Other

Program Goals & Scope

Employees at several levels of a company typically are targeted for cross-border transfers.

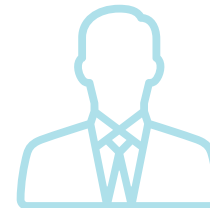
CAREER LEVEL OF TRANSFERS

What level of employees are typically involved in cross-border transfers?
(Respondents could choose more than one category.)



58%

Individual contributors in junior roles



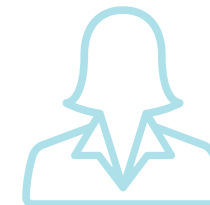
68%

Manager-level employees



68%

Individual contributors in mid-level or senior roles

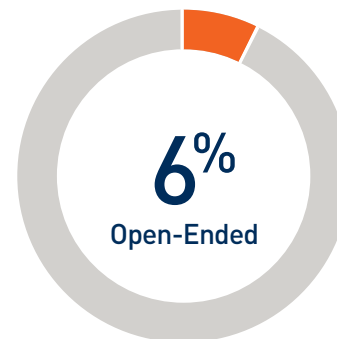
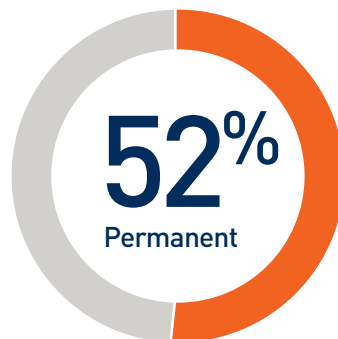


45%

Senior leaders

TRANSFER DURATION

Are cross-border transfers always permanent?



Program Goals & Scope

The biggest challenge companies face is explaining how retirement, healthcare and taxes will be affected by the move.

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PRE-DECISION

Do companies have a pre-decision process to help employees and their managers understand transfer implications related to personal taxes, immigration practices, healthcare, retirement, schooling, cultural differences and other matters?



PROGRAM CHALLENGES

What are the **biggest challenges** companies face with cross-border transfer programs?



SPECIFIC MENTIONS

- » Needing a lower cost option for self-initiated and lower-level moves
- » Meeting hiring manager timing expectations
- » Managing cash flow—some employees are unable to front cash expenses related to travel and housing deposits
- » Scaling the program
- » Preparing employees for potential tax differentials

Employee Benefit Packages

Cross-border transfers can trigger incremental costs and other hardships for employees that may discourage them from accepting the assignment. Companies seek to lessen those burdens by offering special considerations.

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EMPLOYEE BENEFIT TYPES

What benefits do companies provide to support cross-border transfer employees?



64%

Cost of living adjustment
or goods and services
differential



57%

Housing allowance



50%

Education allowance



50%

Home leave



43%

Healthcare coverage
in addition to standard
coverage



36%

Furniture and/or
appliance allowance



36%

Mobility premium



29%

Hardship premium



21%

Non-accompanying
dependent travel



7%

Rest & relaxation trip



0%

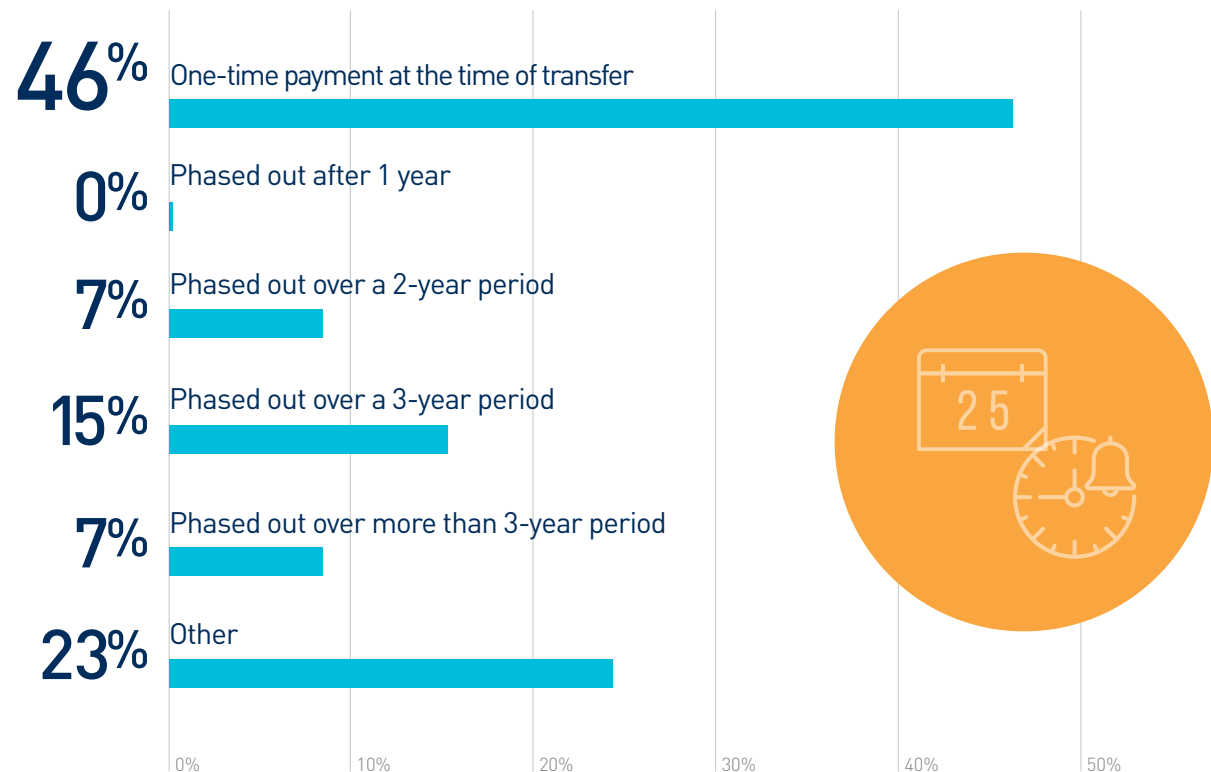
Vehicle transportation
assistance

Employee Benefit Packages

Almost 50% of companies provide cash up front to their transferring employees vs. managing benefits on a regular basis.

BENEFIT ADMINISTRATION

How do companies administer and phase plan benefits?



OTHER CONSIDERATIONS

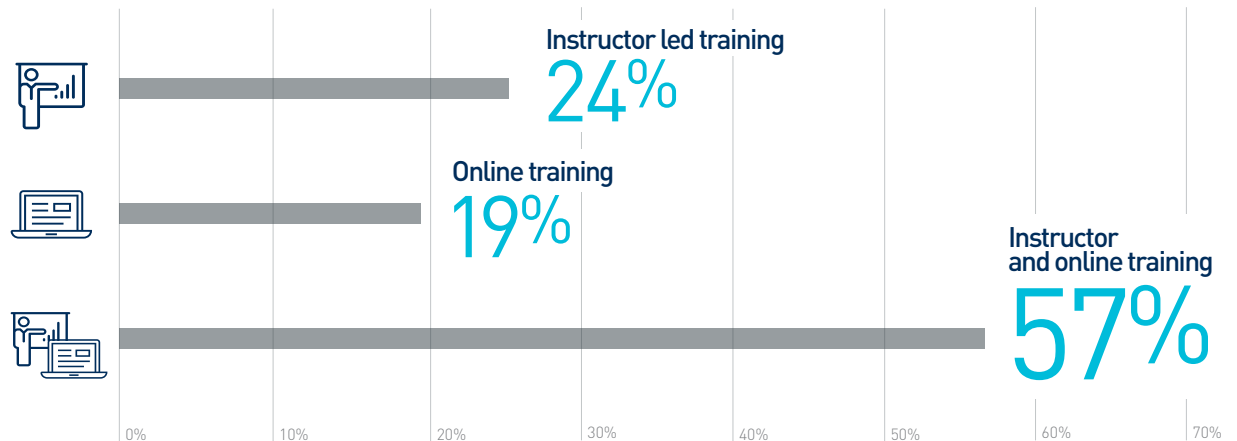
With regard to the “Other” category above, benefit distribution options include basing the duration of benefits on the type of benefit (some ongoing, others phased), the destination country (some benefits are offered for the duration in lesser developed countries) and providing benefits continuously.

Orientation & Preparation

Personal preparation and developing realistic expectations regarding a new life experience is a major key to the success of the cross-border transfer.

INTERCULTURAL TRAINING

How do companies provide intercultural training to transferring employees?



LANGUAGE INSTRUCTION

What members of the relocating family are eligible for language instruction?



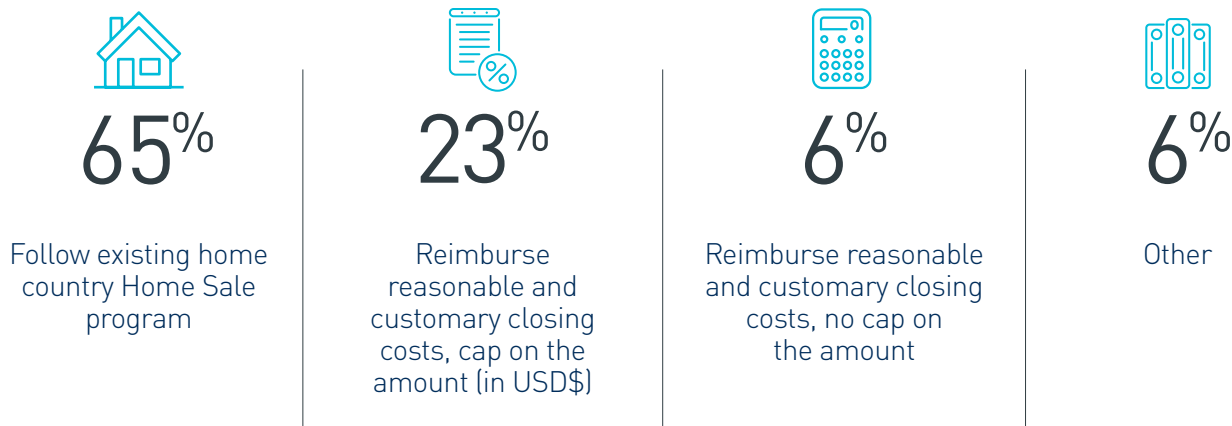
Housing-Related Benefits

One of the top concerns—and major points of distraction—for employees in a transfer situation is the entire suite of issues related to exiting their current home and obtaining housing in the host country.

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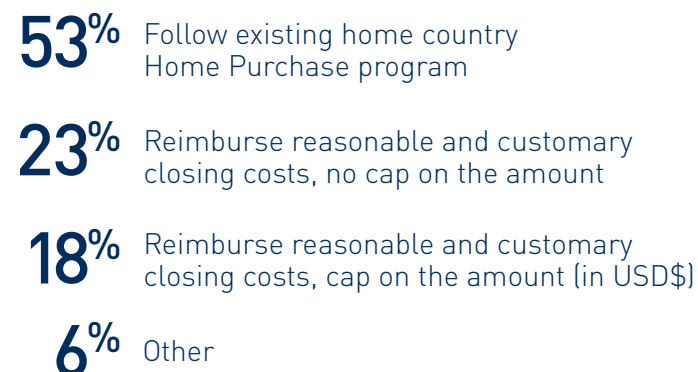
HOME SALE ASSISTANCE

How do companies help cross-border transferees sell their homes in the home country before they move?



HOME PURCHASE ASSISTANCE

What assistance do companies offer cross-border transferees related to home purchase in the host country?



Housing-Related Benefits

Transferees have come to expect companies to pay for advance trips to the host location to explore housing opportunities.

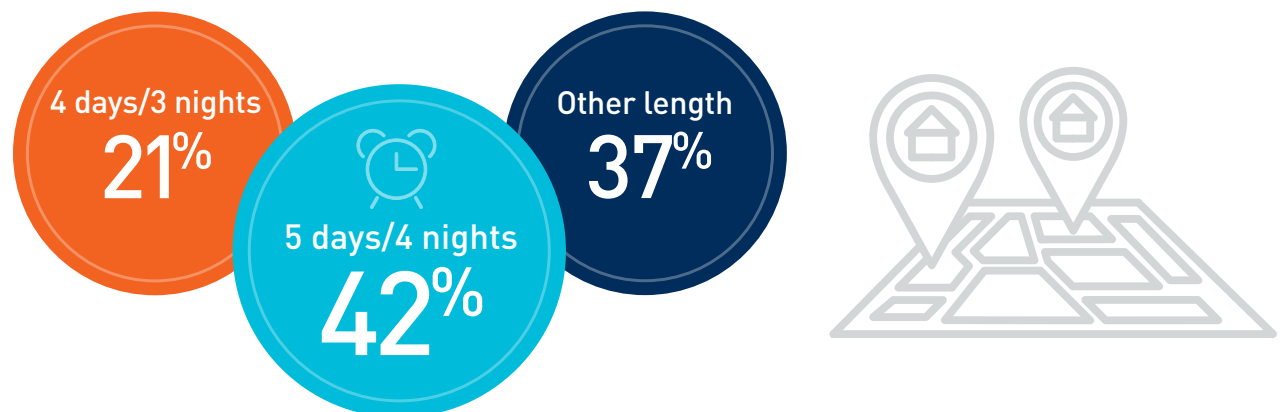
HOME FINDING TRIPS

Who's eligible to take company-sponsored, pre-transfer home finding trips?



LENGTH OF HOME FINDING TRIPS

How many days and nights do companies allow for those trips?



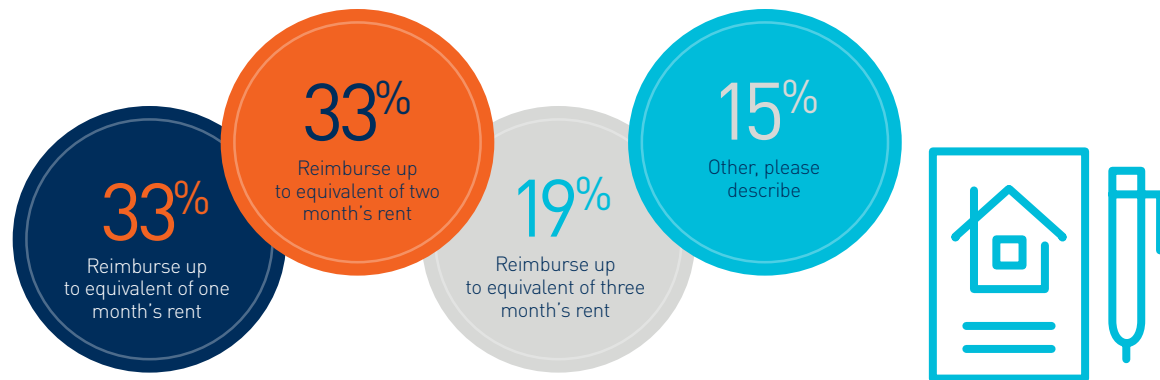
Housing-Related Benefits

Home rental is becoming a much more popular employee housing choice. Companies offer certain types of rental-related assistance in both the home and host country.

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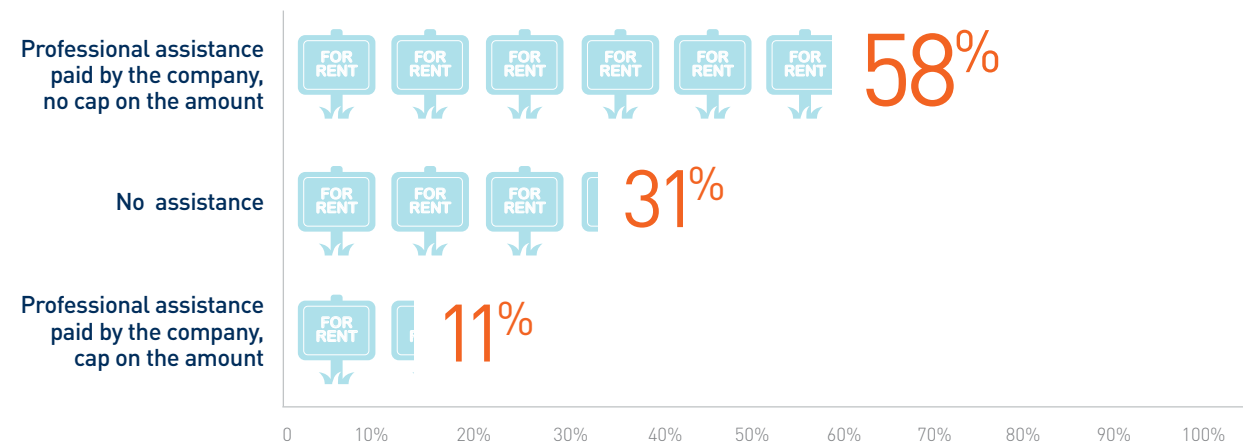
LEASE CANCELLATION

Do companies assist with lease cancellations in the home country?



RENTAL ASSISTANCE

What benefits do companies offer related to rental assistance in the host country?

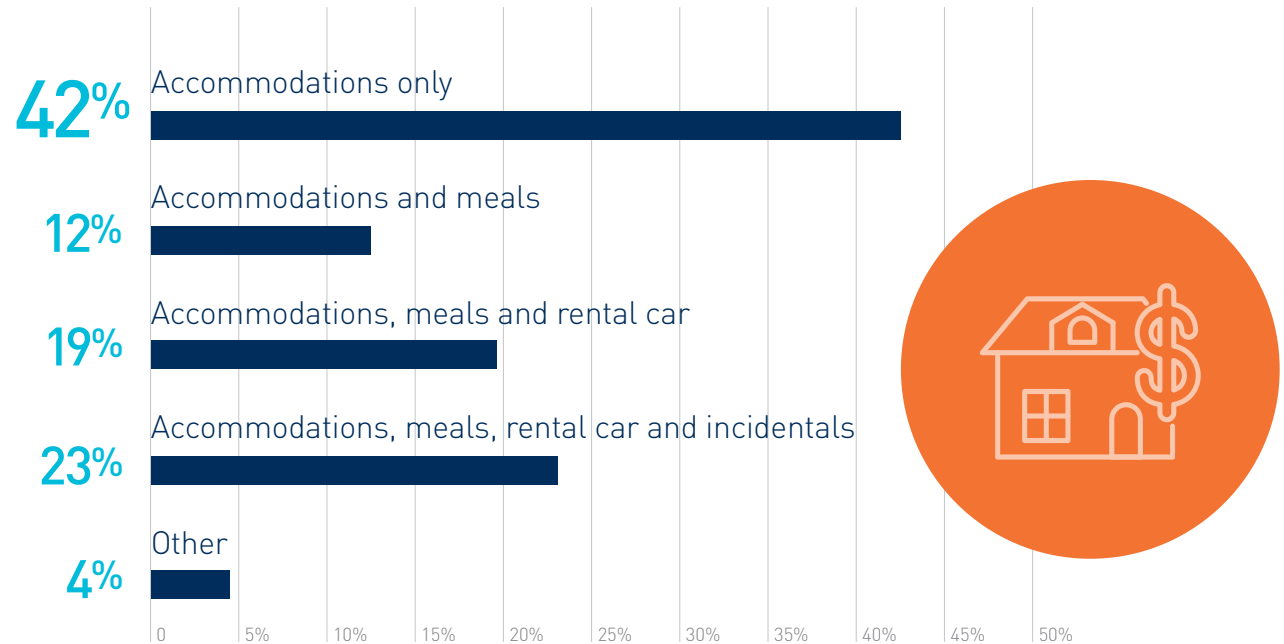


Housing-Related Benefits

In our experience, companies are phasing out meal and transportation allowances while the employee is living in temporary housing.

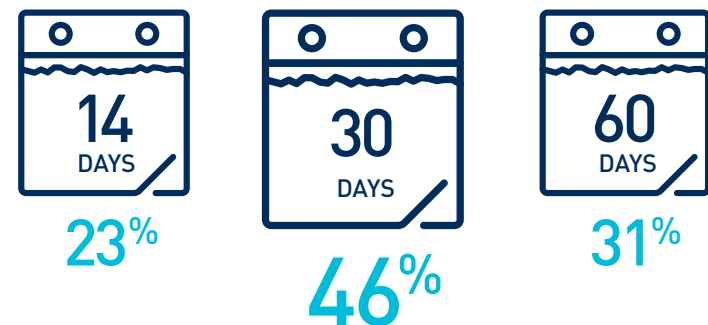
TEMPORARY LIVING ASSISTANCE

What types of temporary expenses do companies cover in the course of a cross-border transfer?



LENGTH OF TEMPORARY ASSISTANCE

What is the duration of that temporary living assistance?



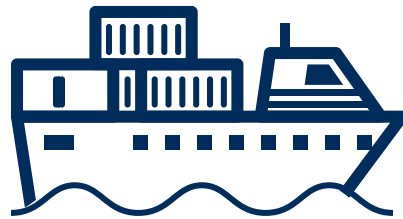
HHG and Personal Shipments

Mobility professionals must minimize household goods shipping costs while employees usually want to bring most of their belongings. Most property is shipped by surface, but items needed in the short term are sent by air, a more expensive option.

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SURFACE SHIPMENTS

How do companies limit the volume of surface (including sea) shipments?



46%
20' container
employee only

58%
20' container
family size 2

17%
20' container
family size 3/3+

13%
40' container
family size 2

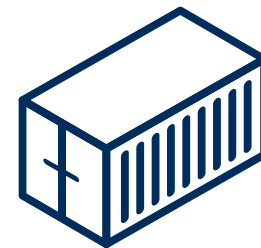
63%
40' container
family size 3/3+

AIR SHIPMENTS

How do companies limit the volume of air shipments for personal items the employee and family need in the short term after the move?



37%
Weight



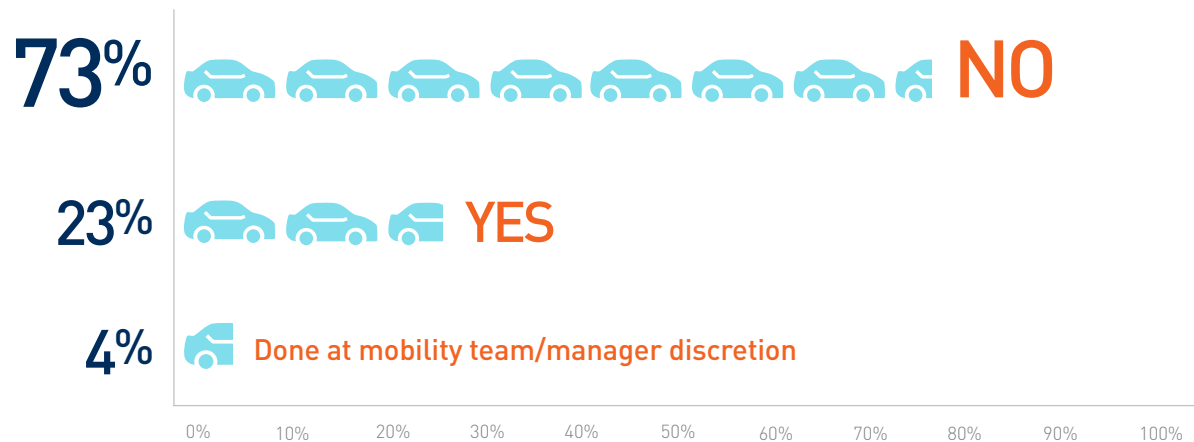
63%
Container size

HHG and Personal Shipments

Most companies only go so far when it comes to certain personal items they'll ship.

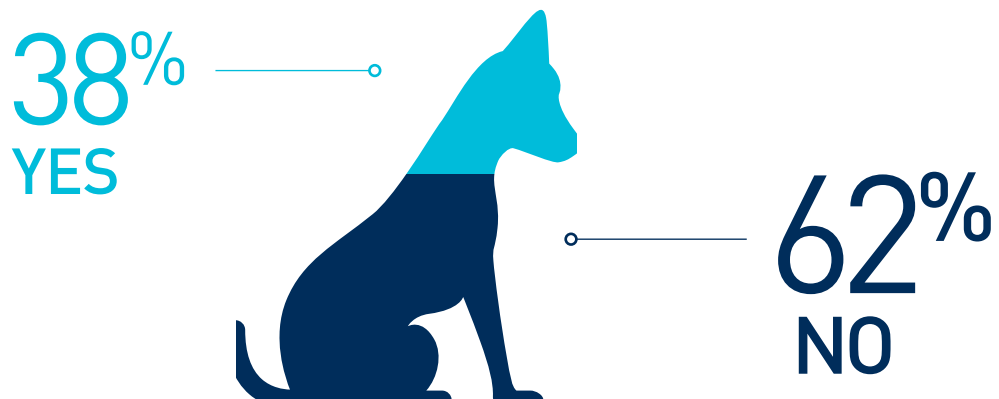
AUTO SHIPMENTS

Do companies ship transferees' personal automobiles in cases of cross-border transfers?



PET TRANSPORT

Do companies offer household pet shipment to cross-border transferees?

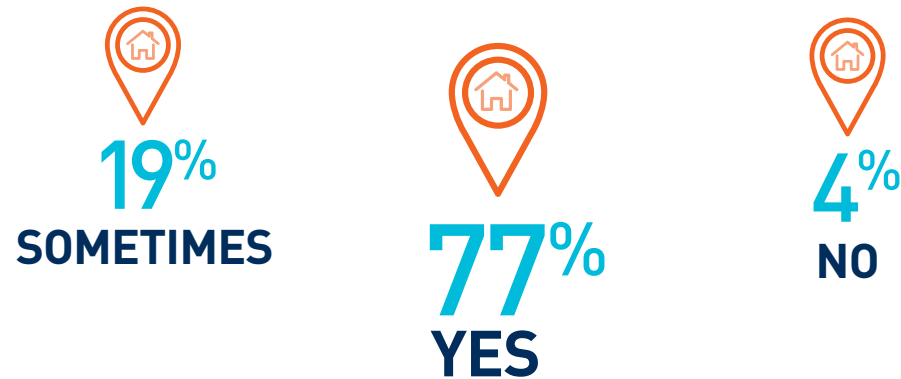


Destination Services

In our experience, the sooner a transferee and his or her family feel at home in the host country, the more productive and successful the transfer will prove for all parties.

DESTINATION SERVICES

Do companies offer destination acclimation support for cross-border transfers?



MOST VALUED DESTINATION SERVICES

How do employees rank the value of the basic areas of destination acclimation support their companies offer?



Destination Services

Providing lump sum payments intended to cover most areas of transfer-related costs can prove cost-effective to companies and empowering to employees.

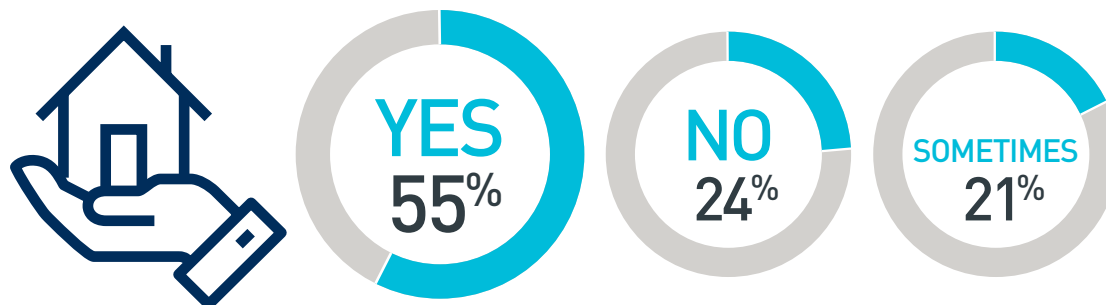
CASH ALLOWANCES

How do companies calculate cash allowances in cross-border transfer situations?



ACHIEVING RESIDENT STATUS

Do companies help employees and family members obtain permanent residency in cross-border transfer situations?

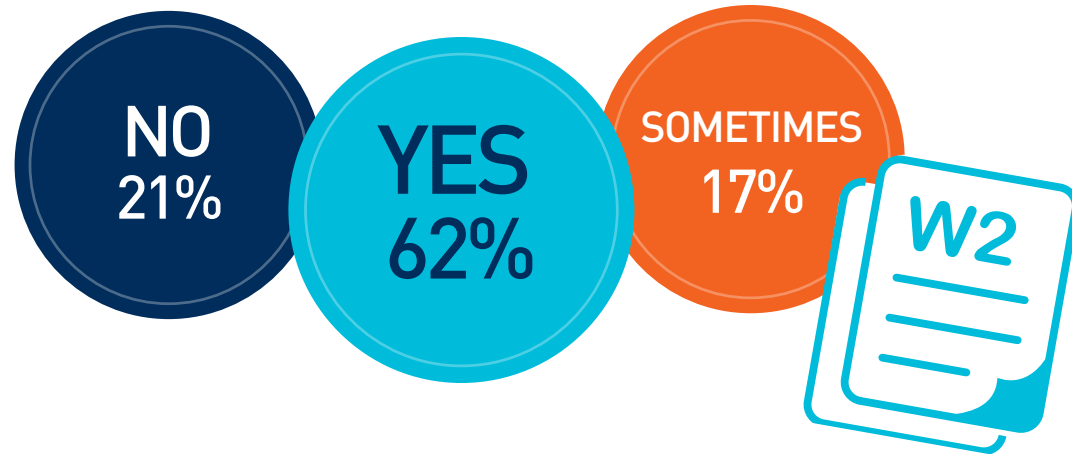


Tax Preparation

A cross-border transferee's tax affairs, especially in cases where he or she must file in multiple countries, can be complex, a source of stress and a major distraction from work responsibilities.

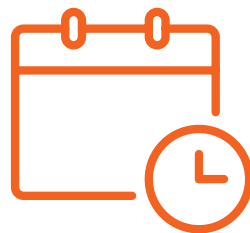
FIRST YEAR BENEFITS

Do companies pay for tax preparation services in the home and host country in the first year of a cross-border transfer?



BENEFIT DURATION

How long does this support continue?



50%
SECOND YEAR

42%
2-5
YEARS

8%
OPEN-
ENDED

Healthcare

Maintaining access to optimal healthcare is a primary consideration for an employee contemplating a cross-border transfer opportunity.

SUPPLEMENTAL COVERAGE

Do companies offer supplemental healthcare coverage beyond what's offered in the host country?

 **45%**
YES



 **55%**
NO

COVERAGE TYPES

When companies do provide supplemental coverage, how is that coverage provided?

Guarantee same health coverage as in the home country

Through existing medical and insurance providers via the host country

The company ensures the employee has adequate coverage

Repatriation

As mentioned, in some cases a cross-border transfer is open-ended...and the end does in fact arrive.

REPATRIATION ASSISTANCE

Do companies provide repatriation assistance when an employee's cross-border transfer assignment ends?

YES
48%



NO
52%

TYPES OF ASSISTANCE

What types of repatriation assistance are offered in those cases?

 **83%**
Household goods shipment

 **66%**
Travel

 **58%**
Temporary living

 **50%**
Miscellaneous allowance

 **50%**
Departure services

 **17%**
Home sale assistance

 **17%**
Home purchase assistance

 **8%**
Other



We'd like to thank all of the Mobility industry professionals who shared their time, experiences and program information with us.

If you'd like more information on these topics or ideas on how to streamline your cross-border transfer program, please contact our Graebel Worldwide Consulting Services team at: GraebelWCS@graebel.com.