Assignment policy benchmarking

Exploring phase one survey results
26–29 October 2014
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Session objectives

► Review EY policy benchmarking strategy
► Discuss a number of key policy elements at your tables, receive your feedback and share our preliminary benchmark results on these elements, as well as any additional qualitative remarks about what we are seeing in the market
► Understand the EY Mobility Performance Improvement (MPI) Index
► Provide an overview of the next phases of the project
Why benchmark?  
Our benchmarking approach

► You may wish to benchmark with a view to understanding how your policy measures up based on such drivers as:
  ► Cost Competiveness
  ► Assignee acceptance
  ► Risk
  ► Business alignment

► The EY approach provides a ranking by policy element:
  ► Comparison to where you fall on the continuum
  ► Comparison to benchmark group
  ► Comparison to entire database
Our benchmark approach
Our approach

- Ranking by “benefit family”:
  - Holistic view of benefits to avoid “cherry picking” and increasing isolated benefits
  - Strikes a balance on related items

- Ranking by total policy elements:
  - Takes a total picture of where the entire policy stands with regards to desired results
  - Comparison to policy benchmark
  - Comparison to entire database
Our approach

- 10-point scale with 5 as most favorable to the employee and -5 most favorable to the company
- Ranking by policy element
- Ranking by benefit family
- Ranking by total policy elements
Policy component analysis

- 73 policy elements
- 13 benefit families
- 5 key benefit parameters:
  - Provided (Y/N)
  - Time constraint
  - Dollar amount
  - Dollar cap
  - People covered (family members)
Benefit families

- Compliance
- Tax
- Risk (termination, US Foreign Corrupt Practices Act)
- Family
- Destination services
- Relocation
- Home country residence

- Transportation
- Compensation
- Host country housing
- Miscellaneous
- Health
- Process
EY Tool – preliminary results
Current status

► Database results include benchmarking of long term expatriate policies only
► Both data and results are reviewed to ensure accuracy consistency
► Greater participation will enhance the results and provide more representative findings

Activity: Discussions at your tables
Cost of living allowance (COLA)

Database results

- Frequency of review:
  - 34% annual
  - 25% bi-annual
  - 16% quarterly
  - 25% do not specify in the policy
- Negative differential
  - 53% do not apply
- Upcoming database release to capture use of salary caps in COLA calculations

Additional EY insight

- Majority of European-based organizations do not apply a negative COLA
Home leave

Database results
► 100% of companies provide a home leave entitlement
► 15% of companies offer more than one trip every 12 months for the assignee and their accompanying dependents
► Upcoming database release to capture economy vs. business class

Additional EY insight
► Trend towards cash allowance as opposed to reimbursement to enable flexibility
► Commuter options driving increase home leave frequency (but reduced housing allowance) to address dual career challenges
  ► Generally every 6 months when accompanied on a Long Term assignment and every 3 – 4 months on Short Term assignment
► Increasing flexibility in terms of swapping tickets to use for spouse and family, lump sum usage, and decreasing requirement to fly to home destination
Home housing norm

Database results
► 27% of companies do not apply a housing norm

Additional EY insight
► Trend – Companies starting to distinguish between renters and homeowners when applying home housing norm
  ► Many eliminate the home housing norm for home owners as well as eliminating property management and storage
► Majority of European-based organizations do not apply a housing norm
► Hot topic – Use of table amount versus actual documented assignee home housing costs to determine the norm amount
Housing allowance

Database results

► 41% of companies use an external data provider to determine the housing allowance amount

Additional EY insight

► Increased focus on commuter policies for dual career challenges leads to a decreased housing allowance and an increase in home leave entitlements
► Differential housing tables applied dependent on population segmentation
Dependent education

Database results

► 60% of companies provide financial assistance towards pre-school costs for children aged 3 and over
► 62% of companies pay the full cost of dependent education (registration, basic tuition fees, compulsory levies and transport) and do not request a home contribution from the assignee

Additional EY insight

► Pre-school costs are being provided if pre-school is the standard at the home or host location
  ► Pre-school differentials are often being provided
► Recent issues around children not qualifying for home country university due to international curriculum
► International schools are requiring trips to other countries as part of curriculum raising issues as to who covers the cost
Payroll methodology

Database results
► 20% of companies pay assignees 100% via the home country payroll for the duration of their assignment
► New release to distinguish between 100% home or host and split payroll options

Additional EY insight
► US payroll for US citizens and permanent residents is being challenged as a norm
► Many US benefit plans (e.g. 401(k)) prohibit participants from non-US payrolls
Mobility Performance Improvement (MPI) Index

Assignment policy benchmarking
Mobility Performance Improvement (MPI) Index

What is it?
The MPI Index has been developed as an industry-first initiative to assess, score and improve the performance of mobility programmes by surveying all stakeholders of Global Mobility - assignees, global mobility teams and principle business contacts – to get a true overview of the health of a company’s programme.

We are increasingly seeing our clients' mobility teams working under pressure to demonstrate tangible value to their organisations, whether it is improving stakeholder satisfaction, cutting costs, increasing compliance or contributing to talent management, and the MPI Index is deliberately designed to be a light-touch, low-effort tool to give a first indication of overall performance across these areas.

How does it work?
The Index is packaged as a 15-minute online survey which will be licensed to organisations for distribution to their internal teams. Our MPI team will analyse and rate the resulting data, and produce a report to highlight the performance of the GM function with recommendations and improvements. The process will run annually and, through clients signing up to the MPI Index on an annual rolling basis, we will be able to identify trends and improvements, and support them in addressing any particular issues that they are facing.

Upon client request, our MPI team can follow up with bespoke workshops and consultancy to review policies and processes, and provide support on how to best implement changes and the recommendations. As we develop the database of clients, we will also be able to offer custom reports and benchmarking, based on industry, size of programme, etc.
Mobility Performance Improvement (MPI) Index

The survey process

- The MPI Index questionnaires focus on the following areas:
  - Policy
  - Operational service model
  - Compensation cost competitiveness
  - Assignee satisfaction
  - Stakeholder confidence

- The questionnaires are accessible through secure web links which EY will share with the client, together with detailed instructions on how to complete the questionnaires, for internal distribution to the participants.

- We recommend that the questionnaire is shared with 5-10 business stakeholders, at least 10 assignees, and key global mobility team members.

MPI Index report

- EY will analyse the responses from the three sets of respondents and compare and contrast the answers. We will then prepare a report highlighting:
  - Key areas of improvement for the mobility team
  - Key issues to address for the assignee
  - Key issues to address for the business
  - An overall assessment of the strengths and weaknesses of the client’s global mobility programme
Mobility Performance Improvement (MPI) Index

The power of data – using analytics to discover hidden insights into your programme

EY’s analysis will allow you, the client, to use the data collected to uncover insights into your programme that may never have been visible before. Utilising the latest techniques in visualising your data, our reports will enable:

► Instant, laser focus on the results delivered across your business via an interactive dashboard reporting tool
► Options to filter on the data provided to cut across different stakeholder groups allowing quick drilldown into specific response groups
► Filtering of year on year data to identify trends over a given period to spot for changes and developments over time to monitor improvements against objectives set within the function
► Insights to be uncovered as you need them; our MPI Index reports provide the platform for other analytical insights to be discovered as we combine additional data sets into our analysis
MPI Index
Sample results overview

Overall index – aggregated score out of 490, across all stakeholder groups

Results summary, by stakeholder and questionnaire topic

Index by stakeholder group

Mean, minimum, maximum, and interquartile ranges, by stakeholder and questionnaire topic
Mean, minimum, maximum, and interquartile ranges, by question and stakeholder

Non-numeric question summaries
Project phases
Project phases

- **Phase one: long-term assignment policy**
  - In final review
  - Complete: End of November 2014

- **Phase two: complete database build-out**
  - Add additional EY Human Capital task force members
  - Add client task force members
  - Finalize all reports and outputs
  - Refine scoring methodology
  - Add 50 to 75 policies to database
  - Complete: Q1 2015
Project phases

► Phase three: add short-term and business traveler/commuter policies
  ► Complete: Q2 2015

► Phase four: add TEQ policies
  ► Complete: TBD

► Phase five: add cost components from compensation reporting database
  ► Complete: TBD