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Designing an International Assignment Program

Paula Batson – Bank of Canada

Suzanne de Lint – Greenberg Turner

Georgina M. G. Tollstam – KPMG LLP Toronto

Linda Ward O'Farrell – Ward O'Farrell Consultants Inc.



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Agenda

- Context
- Assessing Business Needs
- Benchmarking and Best Practices
- Design and Costing of Policy Alternatives
- Taxation
- Immigration
- Health Care
- Service Delivery
- Reporting & Evaluation



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Paula Batson
Bank of Canada

- Context
- Assessing Business Needs
- Best Practices



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Context : Organizational Profile

- Canada's Central Bank
- Crown corporation, public accountability
- 1200 employees within Canada
- Knowledge based, highly specialized employees
- Promote Canada's economic & financial well-being
- Five main functions: Monetary Policy, Currency, Financial System, Funds Mgmt & Retail Debt Services



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Why a new policy?

- Need for alignment with evolving business requirements
 - international role as Canada's central bank
 - international partnerships and collaboration
 - talent development opportunities for employees
- Need to adapt HR policies and processes to address international realities and requirements
 - supportive, cost effective policies: *relocation, health care, travel*
 - legal compliance: *tax, social security, immigration*



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Assessing Mobility Requirements

1. What is the purpose of the assignment and how long will employees be expected to remain there?

TYPE	PURPOSE	DURATION
Extended Business	Technical Assistance	1 week – 1 month
Short Term Assignment	Project, Knowledge Exchange	> 1 month – 1 year
Long Term Assignment	Fill an existing job, role	> 1 year – 3 years



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Assessing Mobility Requirements

2. What is the typical assignee profile?

with or without family

citizenship

homeowner, renter etc.

3. Where will assignees be going?

USA, Central America, Europe, Asia, Middle East etc.

4. *How many assignees do we expect annually?*



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Assessing Mobility Requirements

5. Consider the organization's philosophy/culture:

- Compensation
- Benefits
- Family Support
- Job Security



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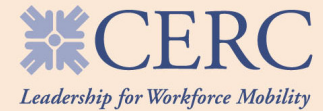


Linda Ward O'Farrell
Ward O'Farrell Consultants Inc.

- Benchmarking
- Design and Costing of Policy Alternatives



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Benchmarking

- Identifying gaps in policy coverage
- Comparator group or organizations in study
- Qualitative and Quantitative analysis
- Employee scenarios
- Results and impact on policy design
- Desired position in comparative ranking



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Benchmarking – Comparator Group

Organization	Domestic			International	
	Permanent	Temporary	New Hire	International	New Hire
				yes	
				yes	
•Other crown corporations	yes		yes		
	yes			yes	
•Publicly accountable	yes	yes	yes		
			yes		
				yes	
•Other central banks	yes			yes	yes
				yes	
	yes	yes	yes		
•Other central financial institutions		yes		yes	yes
	yes		yes		
	yes				
	yes			yes	yes



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Benchmarking – Qualitative Analysis

COMPARATOR COMPANIES	CLIENT	2	3	4	5
HOME SEARCH TRIP	yes	yes	yes	core + optional fund	yes - included in Flex Account
# Trips maximum	1	1	1	1 or more optional	Tier 1 -1 trip; Tiers 2 & 3 - 2 trips
# Days total	7	5 + 2 days travel time	5	7* + 4 optional	Tier 1 -3 days; Tiers 2 & 3 - 6 days
Per Diem Cap	\$60, \$40 / spouse	yes (travel policy)			
# Nights total	7		5	6 + 4 opt. fund	
# Family (incl. ee)	2	2	2	2+children opt. fund	
Transportation	yes	yes	yes	yes: \$250 to ee if Saturday stay	
Accommodation	yes	yes	yes	yes	
Meals	yes	incl. In per diem	\$50/person	\$43.55/person	yes
Car Rental	yes	sub-compact	yes	yes	yes
Child Care	\$35/day max.	<16 yrs, \$35/day	yes	yes	
Incidentals/Calls	yes				
Pet Care / Boarding			yes		



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Benchmarking – Qualitative Analysis

Policy Component	Bank of Canada	Comparator Group (8)	Similarities /Differences
Home Search Trips	<ul style="list-style-type: none"> ▪ 1 trip ▪ 7 days ▪ With spouse or 1 dependant ▪ Transportation (air, train or car mileage) ▪ Accommodation ▪ Meals ▪ Car rental ▪ Incidentals ▪ Child care 	<ul style="list-style-type: none"> ▪ 5 at 1 trip, 2 at 1-2 trips at department discretion, 2 at 2 trips ▪ 3 at 5 days, 2 at 6 days, 2 at 7 days, 1 at 7 plus 4 optional days ▪ 3 include children, one does not specify ▪ All reimburse transportation, accommodation & meals ▪ 7 reimburse car rental ▪ 6 offer child care ▪ 2 reimburse incidentals ▪ 1 reimburses phone calls ▪ 2 reimburse pet boarding 	Similar



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Design & Costing of Policy Alternatives

- Policy Design
 - Typical elements
- Costing of Policy Alternatives
 - Per employee scenario
 - Annual costs



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Policy Design – Typical elements

- Pre-departure medical
- Pre-assignment counselling
- Cultural assessment / training
- Immigration (employee / family)
- Medical coverage
- Emergency travel
- Rental Cancellation
- Destination housing
- Duplicate housing / property mg't
- Children in non-host location
- Education assistance
- Movement of HHG (limits)
- Membership/Registration fees
- Home Leave
- COLA / hardship / other allowances
- Completion bonuses
- Hospitality benefits
- Spousal employment assistance
- Language training
- Financial / tax counselling
- Tax preparation
- Family counselling
- Repatriation Practices
- Claw-back agreements



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Policy Design Costs – Employee scenario

- Establish assumptions: salary level(s), housing, hotel, meals, transportation, property mg't, HHG, etc.
- Calculate current vs. proposed for each policy type, i.e. New Hire, Short-term, Long-term
- Calculate for homeowner selling at origin, homeowner keeping property at origin and renter at origin
- Determine if strategic design options are cost neutral, higher cost or lower cost



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Benefit	New Hire		Short Term 12 mos		Long Term 2 years	
	Current	Proposed	Current	Proposed	Current	Proposed
Immigration	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ -	\$ xxx
Home Search Trip	\$ -	\$ xxx	\$ -	\$ -	\$ -	\$ -
Destination Housing	\$ -	\$ -	\$ xxxx	\$ xxxx	\$ -	\$ xxxx
Home Sale&Purchase/In lieu of Prop. Mg't	\$ -	\$ xxx	\$ -	\$ -	\$ -	\$ -
Property Rental and Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ xxx
Interim Accommodation - Employee	\$ xxx	\$ xxx				
Interim Accommodation - Family	\$ xxx	\$ xxx	\$ -	\$ -	\$ -	\$ -
Transportation to New Location	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ -	\$ xxx
Transportation back to Origin	\$ -	\$ -	\$ xxx	\$ xxx	\$ -	\$ xxx
Moving of goods, vehicles & storage	\$ xxxx	\$ xxxx	\$ xxx	\$ xxx	\$ -	\$ xxxx
Misc.Exp. / Relocation Allowance	\$ xxx	\$ xxx	\$ x	\$ x	\$ -	\$ xx
Home Leave	\$ -	\$ -	\$ xxxx	\$ xxx	\$ -	\$ xxx
Rental Cancellation Penalty	\$ xx	\$ -	\$ xx	\$ -	\$ -	\$ xx
Rental Search	\$ xx	\$ xx	\$ -	\$ -	\$ -	\$ xx
Cost of Living Subsidy	\$ -	\$ -	\$ xxx	\$ xxx	\$ -	\$ xxxx
Spousal Job Search Assistance	\$ -	\$ xx	\$ -	\$ -	\$ -	\$ -
Taxation	\$ -	\$ -	\$ -	\$ xx	\$ -	\$ xxx
TOTAL: Homeowner sells at origin	\$ xxxx	\$ xxxx	N/A	N/A	\$ -	\$ xxxxx
TOTAL: HO does not sell at origin	N/A	N/A	N/A	N/A	\$ -	\$ xxxxx
TOTAL: Renter at origin	\$ xxxx	\$ xxxx	\$ xxxx	\$ xxxx	\$ -	\$ xxxxx



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Policy Design Costs – Annual

- Determine frequency of moves for each policy type and each homeowner/renter/property mg't status
- On annual basis, determine if strategic design options are cost neutral, higher cost or lower cost
- Contrast with policy design objectives
- Make adjustments to policy if required



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Georgina M. G. Tollstam
KPMG LLP Toronto

- Taxation Issues



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Taxation Issues

- Understanding the tax rules and regulations
 - Resident or non resident of Canada
 - Tax status in foreign jurisdiction
 - Impact of bilateral tax treaties
- Timing of the relocation and receipt of compensation
- Taxability of relocation payments



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Taxation Issues

- What approach to taxes does the company wish to take?
 - Tax equalization
 - Tax protection
 - Laissez faire with specific reimbursements
 - Laissez faire.....



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Taxation Issues

- Approach to decision on tax reimbursement policy may be impacted by length of assignment;
 - Short term assignments/business visitors
 - Mid term assignment-2-5 years
 - Permanent relocation



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Taxation Issues

- Employee considerations
 - Stage of life cycle may affect tax status;
 - Mobile single worker
 - Married individuals with working spouses
 - Teenage children
 - Empty nesters
 - Outside Income and investments may impact desire to take assignment



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Taxation Issues

- Role of Outside Tax Advisers
 - Assist in developing tax policy at company level
 - Help in understanding the tax regime of home and host countries and impact of bilateral tax treaty
 - Assist in developing cost projections for each assignment
 - Advise and counsel employee on tax and financial issues of accepting the assignment
 - Preparation of individual tax returns



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Taxation Issues

- Payroll Considerations
 - Home country vs. host country
 - Compliance with host jurisdiction payroll reporting and remittances
 - Use of secondment arrangements
 - Social security, benefits and pension issues



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Suzanne de Lint
Greenberg Turner

- Immigration Considerations
- Defining Your Immigration Strategy



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Taxation Issues

“The biggest misconception amongst companies and travelers is that if they can enter a country, they are authorized to work. Unfortunately this is not correct. Employers and their traveling employees are at risk of being denied entry, deportation, fines and/or being banned from doing business in the country if they are caught working without the proper work authorization. Having the policy and processes in place to ensure employees are traveling with the proper visa/work permit, as well as knowing what to do and who is responsible for what, is a major human resources challenge in a global economy.”

*Andra Herman
Global Immigration and Mobility
Consultant - June '08 -*



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Developing an Immigration Strategy

When developing an immigration strategy it is important to:

- know your company and the types of assignments;
- understand the types of activities employees will be performing;
- define your acceptable risk and the implications if an employee goes against the policy and/or advice of immigration counsel;
- know who has ownership over the program and identify the other stakeholders; and
- clearly communicate the policy and expectations.



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Allowable Business Visitor Visa Activities

Entering as a **business visitor** is normally sufficient if the purpose of the trip meets these criteria:

- Attending business meetings;
- Attending a conference or seminar as a participant;
- Meeting with prospective clients;
- Going on a home finding trip; and/or
- Is single entry for a very limited duration.

If you are unsure, it is best to be cautious and request an assessment from your immigration counsel as a work permit may be required



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Work Permit Activities*

If the purpose of the trip does not meet the business visa requirements and/or is for one of the following activities, then a work permit will most likely be required:

- Performing revenue generating activities;
- Installations, implementations, developing code;
- Controlling, directing or having responsibility for local employees or the local business;
- Providing technical or consulting services; and/or
- Activities for which payment is received locally.

* The above list is a representation of some activities that require a work permit. It is not a fully inclusive list. If the activities your employee will be performing are not on this list, please consult your immigration counsel to determine whether a work permit is required.



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Consequences of non-compliance

Countries take non-compliance of immigration very seriously. If an individual or company is caught without the proper work authorization typical consequences include:

- Denial of entry into the country or deportation;
- Fines against the employee, company and potentially the client;
- Imprisonment of the employee and/or company officials;
- Increased possibility of labour and immigration audits;
- Greater scrutiny of future requests to enter or visitor or work permit applications; and
- Being banned from doing business in the country.



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Health Care Considerations

- Identify types of coverage required internationally
- Assess gaps in existing coverage
- Evaluate service providers based on countries and coverage requirements
- Communicate types of coverage, assistance available to assignees and their family
- Align in-house processes



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Other Considerations

UP FRONT

- Assessing candidate suitability
- Written Agreement
- Identify governing jurisdiction
- Waivers

DURING

- Keep in touch
- Provide home location mentor/contact

UPON RETURN

- Plan re-integration
- Recognize adjustment period



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Service Delivery

- Options for delivery
- Impact of new policy on choice of service providers
- Impact of new policy on in-house processes
- Exception management



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Things to remember

- Establish clear policy, guidelines for employees and service providers
- Identify and manage risks
- Plan ahead
- Put it in writing
- Keep in touch
- Evaluate results