

Expatriate Policy & Procedures Group Presents: The Expatriate Handbook Comprehensive Topic Outline ©

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“An expatriate handbook / manual prevents expatriates from using leverage to cut their own deal and prevents runaway expense accounts. Unaddressed policy related to the expatriate assignment, at the very best creates employee relations problems, conflict, and headache at the home office. At the very worst it creates legal issues and lawsuits that could even affect the host country business operations”

This outline is a suggested template and there will be some changes needed to suit corporate culture, type of expatriate assignment, particulars of the assignment, and industry.

On average (and even for companies with an existing manual) a comprehensive expatriate policy and procedures manual removes \$1,000,000 of risk for every 50 expatriates and additionally, saves potentially hundreds of thousand of dollars of expenses that could be incurred, simply because of poor documentation.

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I. START: Create a one page encouragement letter for all employees working outside of their country of citizenship written by the CEO of the company or the President of the division.

A. What is expected of the employee during the international assignment?

B. Key contact names and numbers, home and host country.

C. Statement that services extended to the expatriate personally (such as emergency security and legal assistance) are also made available to the expatriate's immediate family "in country" before and during the assignment.

D. Your mission is extremely important. We are counting on you!

1. Employers may spend \$1,000,000 on a three year assignment for a single family. (There is too much at stake not to attach a personal letter from the CEO.)

II. To whom does policy manual apply (will vary by application or include all classes)

A. U.S. Expatriates

B. Non-U.S. Expatriates (Third Country Nationals)

C. Foreign Nationals working in the U.S. (in-pats)

D. By duration of the assignment

1. Long-term assignments of one year or more.
2. Short-term assignees
3. Global business travelers

III. Pre-departure tasks with emphasis on the employers responsibility vs. the employee's own responsibility. (A classic problem stems from miscommunication and in most instances, the employee thinking the employer is doing something they are not.)

A. Vaccinations and Immunizations; employees need to be reminded some inoculations need to be done far in advance of the expatriate assignment departure date.

1. Insert country specific and destination information / or web links in this section: For example, www.internationalsos.com or www.cdc.gov depending on your vendor relationships and who is providing pre-departure information.

2. Immunization procedure

(1) What doctors the expatriates are expected to use (campus clinic, family doctor, etc.)

(2) Reimbursement process for expenses not paid or capped by the company health insurance plan which may have a limit on preventive care or immunizations for adults, where expats may have already reached annual plan maximums.

B. Host country work permit section and relevant notices

C. Instruction to the expatriate regarding work visas.

D. Sell the home or keep the home? (Employer's policy or recommendations)

1. If the home is not sold.

(1) Vacant home insurance notice to protect the employer: Expatriate employees should be informed that homes left empty, vacant, or unoccupied for longer than 90 days will need vacant home insurance and their regular homeowners insurance will not be adequate.

(2) If the house is being rented in the home country or another family member is living in the home, a landlord or landlord / tenant insurance policy is required and in almost all cases the existing homeowners insurance policy will not provide adequate coverage.

(3) Describe property management services provided by the employer while the expatriate resides abroad if applicable.

2. If the house in the home country will be sold.

(1) Who bears market risk on the sale of the home? Will the company purchase the home after a certain period of time? What is the process?

(2) Will the company assume any other costs associated with the sale of the home or bare other costs such as realtor costs or closing costs?

E. Expatriate Safety and Security; pre-departure documentation

- 1. Review of the emergency security plan with the “entire country specific security plan” presented to the expatriate in the home country before the international assignment.**
- 2. Kidnap and Ransom Insurance; Please note, in almost all cases, the existence of a kidnap and ransom insurance policy cannot be divulged to the expatriate in ANY WAY. (Check your policy.) The Kidnap and Ransom 24 hour phone number should be made available to the expatriate for emergency security situations although the expatriate should not be aware of the insurance policy and certainly any phone number provided should NOT say “kidnap and ransom insurance phone number.”**
- 3. Include any other relevant information related to expatriate safety and security such as the roles existing vendors may play (for example, the emergency assistance available through companies such as International SOS, Europe Assist, or MEDEX.**
- 4. What is the expatriate to do in the event of a host country arrest? Who to call? (MEDEX, your law firm on retainer in another country, the company security officer, the local office manager, etc.)**

F. Documents to prepare and bring in-country on departure. (insert country specific list depending on where expatriates reside).

G. Cross Cultural Training:

- 1. Overview of the vendor providing cross cultural training, how many sessions will be offered, if the family is also eligible to participate in the sessions, and how the expatriate should go about making arrangements for the sessions.**

2. Company policy (if any) for selling, keeping, or shipping the personal automobile abroad. (Please note, best practices is to discourage shipping the auto and few companies bear this expense).

H. One time lump sum payment to the employee to cover misc. or unexpected expenses that cannot be directly paid by the company related to the international relocation. (for example, import or custom duties on items brought into the country).

I. Continuing contributions to U.S. Social Security and Medicare for U.S. Expatriates explained here.

J. Continuing or supplementing contributions into the home country social security system or national health insurance program for non-U.S. citizens / Third Country Nationals (i.e. for members of the EU).

1. Offshore pension offered to some non-U.S. expatriates / Third Country Nationals because home country contributions may be suspended during the expatriate assignment.

K. Continuation of Pension and 401K match for U.S. citizens?

IV. Relocation and the Global Move Abroad

A. The Global Relocation Vendor / Moving Company

1. How to contact the vendor and arrange for the international move.

2. Will the move be paid by the employer or paid by the employee and later reimbursed?

(1) The personal affects limit; Are there maximum shipment allowances by dollar amount or weight? (Many employers will not pay to ship over \$100,000 USD of value. If an employee needs to move more than the established limit, it needs to be documented that the additional expense is the responsibility of the employee.

(2) List specific items the employer will not pay to ship to the host country (i.e. automobile, pets, piano, art, antiques, valuable articles like jewelry).

(3) How the expatriate can ship and insure the items the company will not pay to move if the expatriate wants to do this on his/her own.

(4) Packing and unpacking costs; What will the company pay for in this area (all regular packing, special crating, packing but not unpacking, etc.?) This has to be clearly documented to avoid problems.

(5) Company to pay for goods in storage and the insurance on goods in storage in the host country in lieu of these personal affects being shipped overseas?

3. Global Moving Insurance

(1) Is the moving insurance paid by the company as part of the household good shipment?

(2) Items the company will not pay to insure? Generally, this section is unnecessary per 2.2 above. (If the company will pay to ship the item to the host country, the employer should agree to insure it keeping things simple).

(3) Reiterate important insurance notes related to the international relocation. For example, "items taken with you, carried on your person, or

shipped by another vendor other than our international moving company are not insured and losses will not be reimbursed, etc.”

B. Relocation expenses such as air, train, and hotel expense while goods are in transit.

1. This section should clearly outline what the company expects regarding the employee and family relocating into the host country. (After a family has incurred hotel and meals charges of \$15,000 in Belgium because the expatriate had not made sure the apartment was available in time, is not the time to create policy.)

V. The formal expatriate assignment vs. a “localization assignment” can be addressed in this section or separate policy manuals may need to be created because there can be large differences between what the company will offer each type of assignment.

A. Transition from U.S. payroll to host country payroll (if applicable).

B. Currency and purchasing power risk. Employers need to document they are not responsible for the fall of the local currency relative to home country currency (or the U.S. dollar. Who is taking the currency risk should be clearly defined.)

VI. Expatriate Global Insurance Package

A. International Medical Insurance

1. Information about the insurance vendor and the transition to the international medical program. For example; “You are expected to enroll in the CIGNA International medical and dental insurance program

at least 15 days before you leave for the host country.”

2. The enrollment process. Do expatriates need to fill out a paper enrollment form, need to enroll on-line, or will they be automatically enrolled in the program.

3. A brief overview of how the international medical program works. For example and if applicable:

(1) Care is available in both the host and home country, and where in the world you travel.

(2) Coverage follows your dependents anywhere in the world even if they don't accompany you.

(3) Coverage under the international plan is available to dependents that reside full-time back in the home country, or in the United States

(4) OR (more importantly) noting which of the above do NOT apply to your plan.

(5) The definition of an eligible dependent and student age: (This is more important for non-U.S. expatriates who have, in the past, tried to enroll parents as this could be culturally appropriate but not allowed under the plan).

4. National health insurance for expatriates? In some countries, although enrolling expatriates ONLY in NHI is almost never acceptable, it may be required by law in some countries to have them enrolled and to contributions into the system.

(1) (example) “We are required by local law to participate in the NHI plan. This insurance provides medical coverage for qualifying employees while in country. This coverage requires a per doctor visit fee. There is no ceiling on the amount of coverage. The government does establish maximum payouts on specific procedures. These payouts are widely accepted by local doctors and hospitals as adequate payment

for services rendered. Whenever possible and accepted, NHI should be used locally before the CIGNA International medical insurance plan.”

B. Dental Insurance

- 1. Most important to note, is the international dental program an automatic election if the international medical plan is begun, or does the dental plan need a separate and active election.**

C. Vision Insurance.

D. Life Insurance

- 1. Basic Life Insurance.**

(1) About the vendor. Most notably will expatriates remain in the home country plan or be enrolled in an international life insurance plan? Can the home country plan even cover expatriates?

(2) Notable exclusions relevant to how the existing plan would be affected in the host country absolutely need to be pointed out such as a war risk exclusion or a terrorism exclusion.

- 2. Supplemental Life Insurance in the host country if applicable**
- 3. Dependent Life Insurance if applicable**

E. Disability Insurance

- 1. Long Term Disability**
- 2. Short Term Disability**
- 3. Supplemental Disability Insurance.**
- 4. Reiteration of important exclusions (such as war risk or terrorism) especially if the home country plan is being used to cover expatriates. In many**

cases the home country plan cannot cover expatriates.

F. Accidental Death / BTA.

G. Global Business Travel Insurance

H. Workers Compensation Insurance during the international assignment

I. Personal Property Insurance

J. Personal Liability Insurance

K. Vacant Homeowners Insurance

L. Auto Insurance

M. Employers Global Property Insurance

N. Employers Global Liability Insurance

O. Notable Insurance Exclusions Related to the international assignment

VII. Other Expatriate Service and Support Programs (non-insurance)

A. Medical Evacuation and Repatriation

B. International EAP (Employee Assistance Plan)

VIII. Host Country Living

A. Host Country Housing

1. Will the employee be told where to live or choose where to live (of course, this will depend on the country. *Is your office in Belgium or a compound at Saudi Arabia Aramco where expatriate may not have a choice on where they can live.*)
2. Housing allowance or housing paid by the company? (this may be skipped here and explained in the personal expatriate letter if specific to the expatriate). If housing is paid by the company, outline the limitations.
3. If the expatriate decides to buy a house locally for personal or financial reasons:

(1) Most employers will want to make note that the ramifications of this are completely on the expatriate and the company bears no responsibility in any way. If the expatriate may need to take another country assignment, local purchase of real estate should be discouraged.

B. Appropriate behavior in the host country

1. "The international assignee is expected to conduct himself / herself in a professional manner that represents the interests of the company at all times, etc.."

(1) Notes on important local rules and laws for the host country should be presented to the expatriate: (spitting in Singapore, alcohol in Saudi, etc.)

(2) Discouraging political involvement.

2. The employee is still bound by the laws, rules, and employment practices that affect all home office employees... from company rules on

confidential information, to the use of the internet at work, to our U.S. drug free workplace commitment.

C. Drivers / local auto / or local transportation.

D. Transportation to and from work

E. Expatriate clubs and company paid social activities

F. International Schools

G. International bank account and credit establishment

1. Host and home country company credit card use.

H. List of notable local expenses NOT paid by the company (i.e. maids)

I. Hardship or difference in condition policy outlined here or in the expatriate cover letter (to keep private?) Expatriates going to Jordan would expect a percentage increase in pay or a special one time payment over expatriates going to live in Paris!

IX. Travel Expenses

A. Home leave allowance

B. When is the travel expenses of the family payable or reimbursed by the employer (define).

C. Business travel rules

D. A guide to using the home vs. host country budget code.

X. Human Resources Topics for the Expatriate Assignment

A. Human resource policy to follow local law, or home country law (U.S. law?) on the following common HR topics

B. Personal leave and leave without pay

C. Vacation policy may be here or in the personal expatriate cover letter.

D. About the expatriate mentoring program

E. Are expatriates allowed to observe local holidays, home country holidays or both?

XI. International Personal Tax Filing

A. Information on vendor for personal host and home country income tax filing

B. Company policy on tax equalization and description.

- 1. The employee should pay no more or no less tax than he/she would have paid had he never left his former home. In order to implement the tax equalization**

procedures, the company will have to withhold a hypothetical tax from the assignee when the international assignment starts.

XII. Repatriation or the end of the assignment

A. Return to the home country

B. Taking another international assignment

Do Not Duplicate