SHORT-TERM ASSIGNMENTS
AND THE STEALTH EXPAT

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Today’s Presenters

Bret Wall
Which of the following do you (or your group) represent?

1. Corporate/HR
2. Service Provider/Third Party Provider
3. Broker
4. Appraiser
5. Other
Agenda

• Short Term Assignments in Practice
  – Business Drivers, Policy Design & Application
• Survey Results
  – Trends, Predictions & Practices
• Most Significant Challenges
• Stealth Expats
  – Survey Results, Dangers, What To Do When You Discover Them

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Which of the following do you (or your group) represent?

1. Corporate/HR
2. Service Provider/Third Party Provider
3. Broker
4. Appraiser
5. Other
Short-term Expats at Mustang

• What it is: Greater than 30 Days, Less than 365
  – Average duration: 7.25 months
• What it is not: Commuter, Rotator, “Expat Light”, Developmental
• 20% of our population
  – Trend: increasing
STAs: Business Drivers

• Mustang Motto:
  • “People Oriented…”
    – Dual Career Issues
    – Maximise possibilities for international exposure
  • “…Project Driven”
    – Rapid Deployment
    – Project time schedules
    – Cost Savings (?)
Policy In A Project Driven Environment

• Need to Attract the right people
  – Technical experts
  – Accustomed to project work

• Align policy with Business rationale and Client Concerns
  – Streamlined
  – Cost Effective

• Landing Point: Core/Flex
How it works

**Enhancement Options**
- Benchmarked to median level of competitiveness among owners
- Together with Baseline & Preferred Elements, forms the Mustang Standard Project Assignment Package
- May be deleted with Level IV approval, exceeded only with Level V approval

**Preferred Elements**
- Benchmarked to median level of competitiveness among EPMC companies
- Together with Baseline Elements, forms the Mustang Standard Strategic Intra-Office Package
- May be modified with Level IV approval

**Baseline Elements**
- Designed to deliver compliance and minimum level of fairness
- Suitable for Developmental Moves
- May be modified only with Level V approval
### Pre-Assignment Elements by Assignment Type

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<thead>
<tr>
<th>Element</th>
<th>Short Term</th>
<th>Long Term</th>
<th>Rotational</th>
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<tbody>
<tr>
<td>Pre-Assignment HR Consultation</td>
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<td>Tax Consultation</td>
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<td>Immigration</td>
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<td>Immunisations/Physical Exams</td>
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<td>Familiarisation/Home Finding Trip</td>
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<td>Destination Services/Settling In Support</td>
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<td>Cultural Orientation</td>
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<td>Transportation to Host Location</td>
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<td>Relocation Allowance</td>
<td>&lt;Preferred</td>
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<td>Temporary Living</td>
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<td>Household Goods – Excess Baggage</td>
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<tr>
<td>Household Goods – Air Shipment</td>
<td>&lt;Preferred</td>
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<td>Household Goods – Surface Shipment</td>
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<td>Shipment of Domestic Pet</td>
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<td>Dependant Partner Allowance</td>
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Successes and Challenges in Mustang’s Experience

– Successes

• Rapid response
• Tax savings
• Clear immigration process
• Clarity of Assignment/Project goals
• Greater business involvement in set-up and authorisation

– Challenges

• Temptation to fly under the radar
• Compliance
  – Immigration
  – Tax
• “Case by case”-ism
• Communication and career support
• Opportunities to apply experiences
Learning Zone Zip-Poll

Where are you located?

1. Northeast United States
2. Northwest United States
3. Mid Atlantic United States
4. Mid Western United States
5. Southeast United States
6. Southwest United States
7. Outside United States
• Survey sent out end of 2009

• 81 companies surveyed
Where are you located?

1. Northeast United States
2. Northwest United States
3. Mid Atlantic United States
4. Mid Western United States
5. Southeast United States
6. Southwest United States
7. Outside United States
Survey Results

• 51% of companies saw number of STAs increasing over the past 24 months
• 49% say number of STAs will increase over the next 12 months
• Drivers of STAs:
  – Project-based assignments (90%)
  – Knowledge transfer (60%)
  – Training or development assignments (57%)
Additional Results

- 85% of companies provide unaccompanied assignments
- 63% provide serviced apartments
- 90% maintain assignee on home country payroll
- 51% do not provide any incentive payments (e.g. Foreign Service Premiums)
- 60% allow family visits in lieu of assignee trip homes
Most Significant Challenges

- Ensuring tax compliance
- Tracking of informal arrangements
- Controlling the length of assignment ensuring immigration compliance
- Ensuring immigration compliance
- Ensuring the involvement of the HR department
- Containing cost
- Coordinating the process
- Convincing employees to take the assignment unaccompanied
- Finding suitable housing
- Establishing appropriate per diems
Stealth Expats

• When do we cross a line?

• Who typically crosses the line?

• Horror Stories
  – “Stopped at the border”
  – “When the Auditors Come Calling”
Stealth Expats Survey

• Survey done late 2009
• 54% of companies confirmed they have or suspect they have stealth expats
• 77% discover stealth expats by chance; other means are by projects or from tax/immigration provider
• 95% say Business Travelers are their most common stealth expats
• Regions that have most stealth expats: Europe, Africa
Dangers of Stealth Expats

• Tax compliance
  – Can cause issues with audits and governments; possible issues for employees

• Immigration compliance
  – Can cause issue with governments; more difficult to get visas; possible issues for employees including holding in country

• Inconsistent treatment of international assignees
What To Do When You Discover Stealth Expats?

• Discuss with tax and immigration providers
  – Tax and immigration providers can provide assistance on how to correct current issues, provide suggestions on how to avoid

• Put controls into place to “catch” future stealth expats (e.g. having all international travel tracked via travel agency and reported to global mobility team)
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