

Mercer webcast



April 2011

Latest Trends in International Assignment Policies and Practices

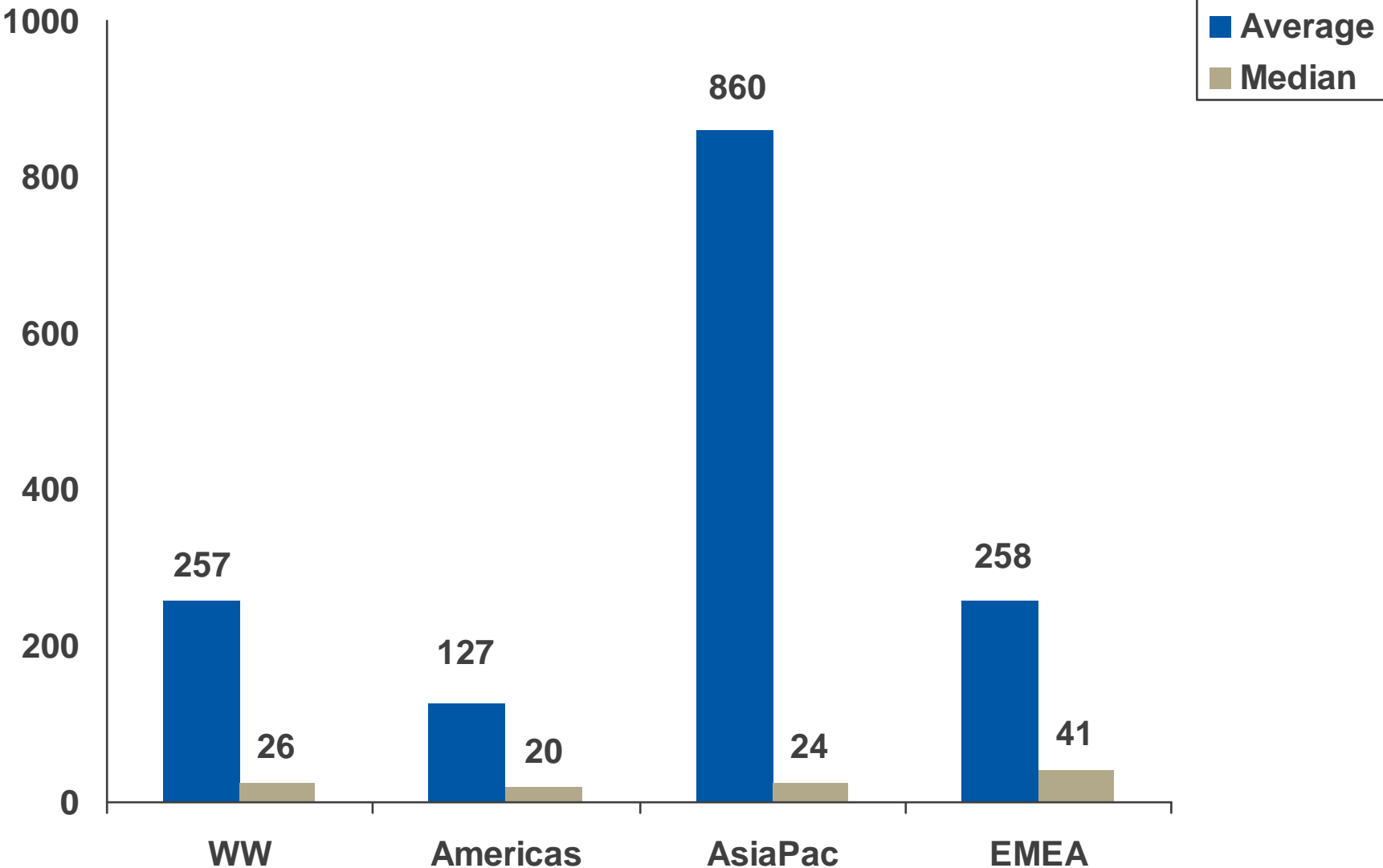
James O'Neill, Chicago

Dan Mikes, Chicago

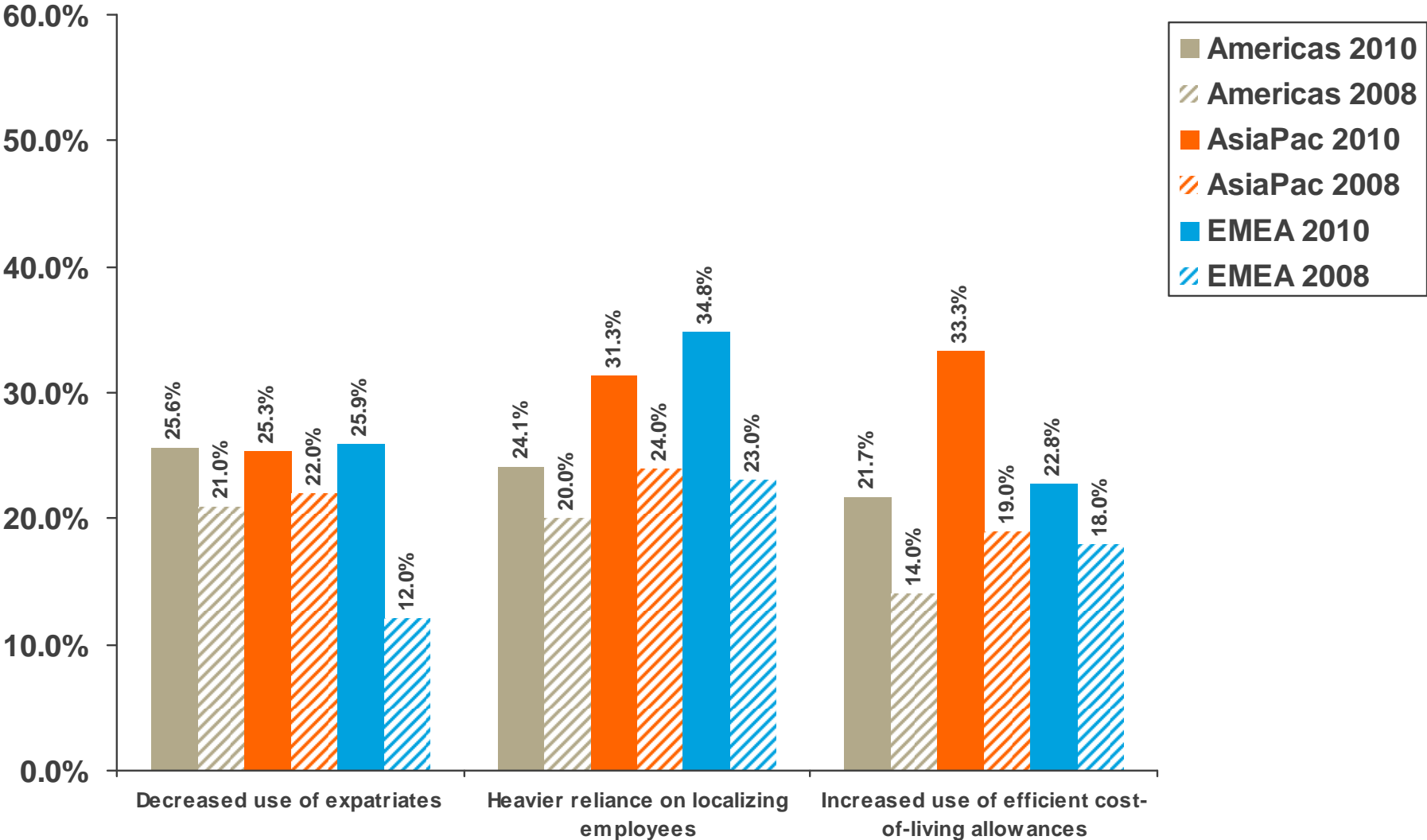
Mercer's 2010 *Worldwide Survey of International Assignment Policies and Practices*

- 1,000+ Worldwide participants
 - 480 Americas
 - 103 AsiaPac
 - 239 EMEA
- Longest continually running survey of it's kind
- Covers all major areas of global mobility policy & practices
- Data cuts:
 - *2010 Worldwide & Regional Cuts*
 - *2008 Worldwide & Regional Cuts*

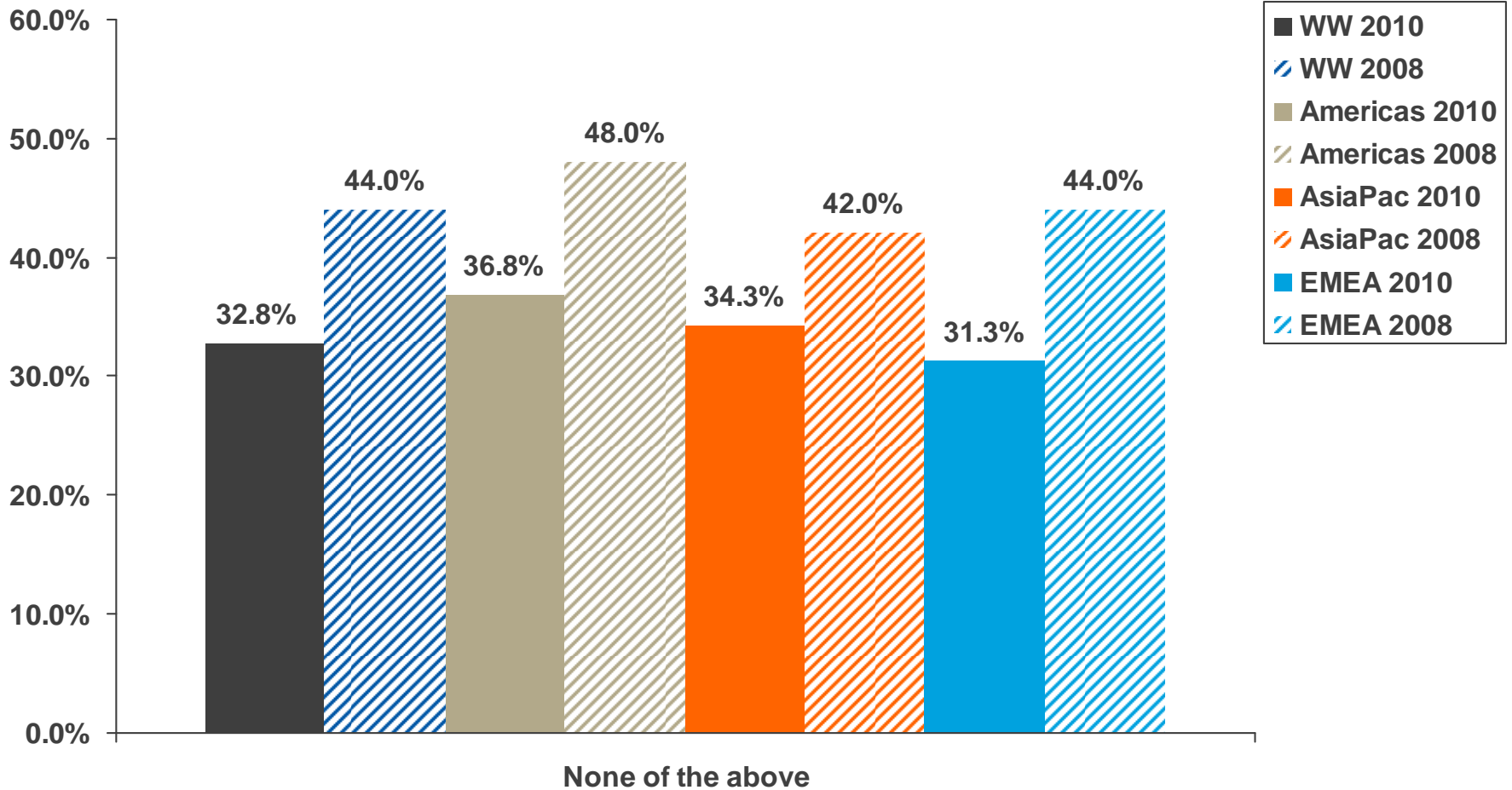
Number of expatriates (2010)



Changes implemented in last two years



Changes implemented in last two years



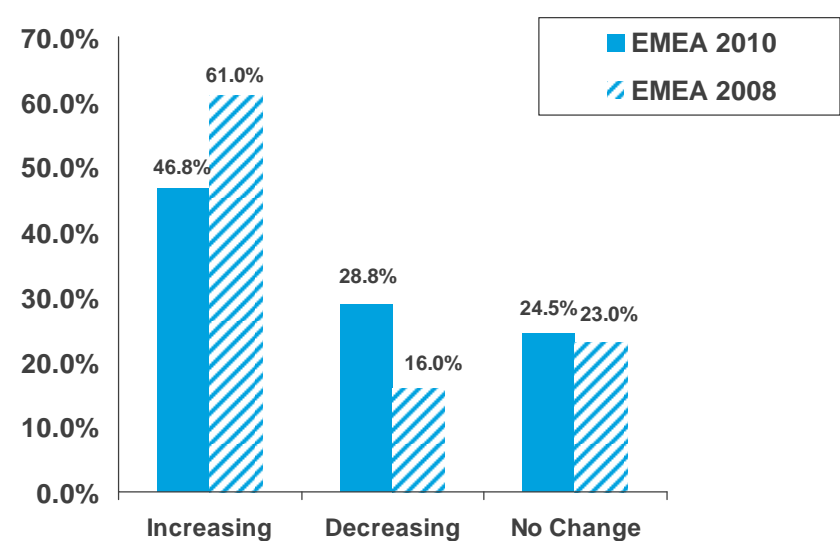
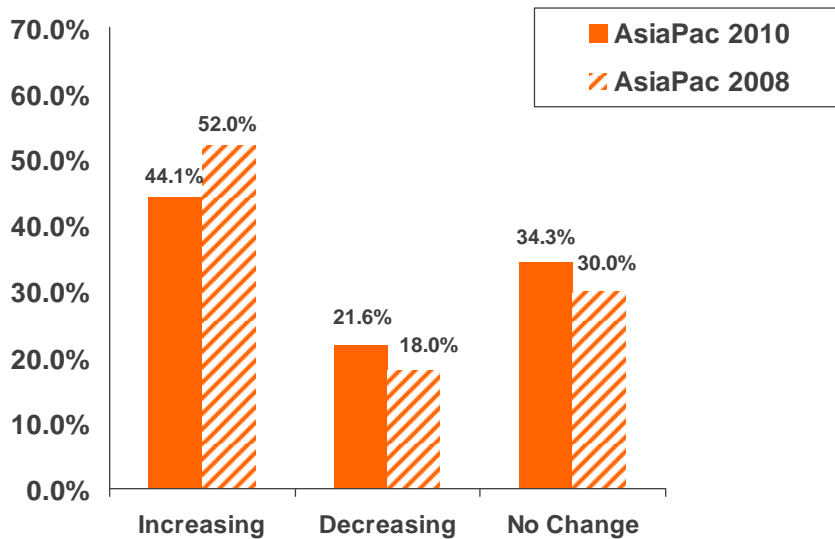
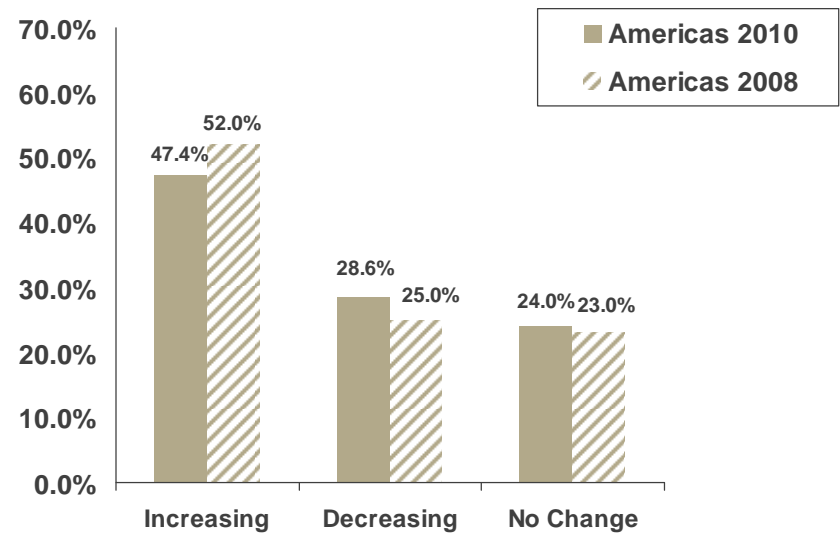
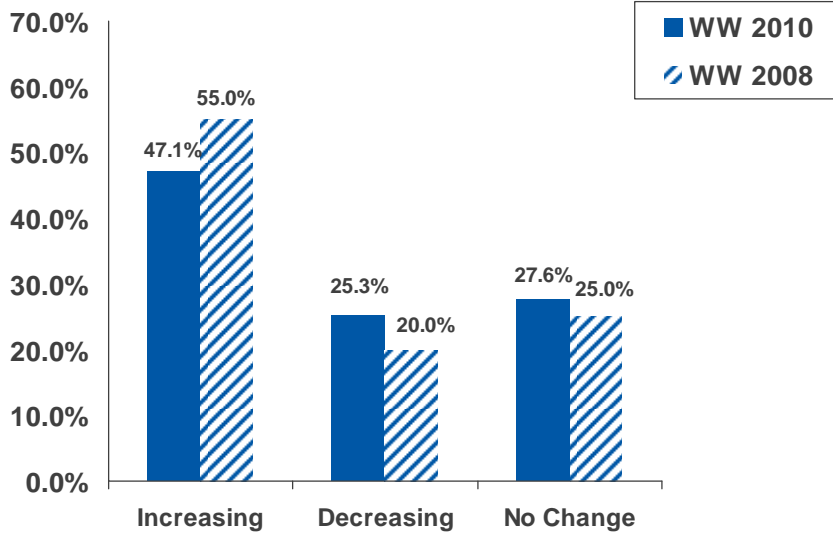
All potential choices were decreasing use of expatriates, reduced incentives offered, reduced vendor fees, heavier reliance on localizing employees, increased use of efficient cost-of-living allowances, and changed tax policy.

Global mobility policy elements under review

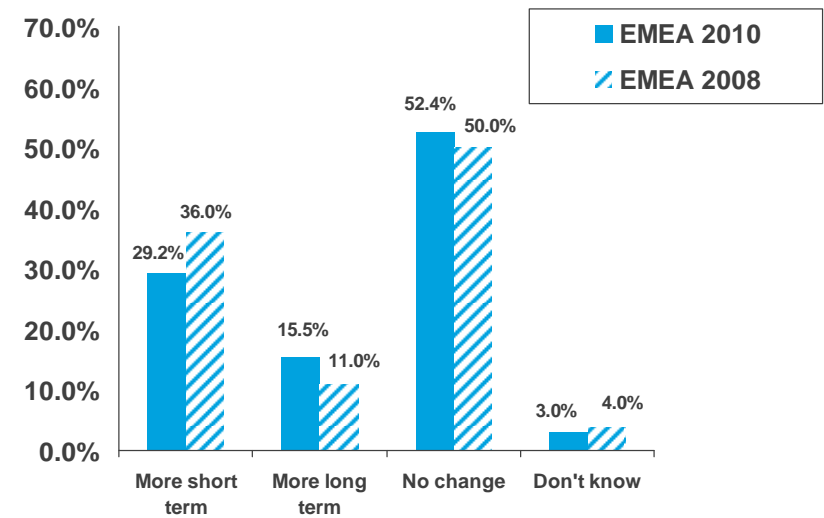
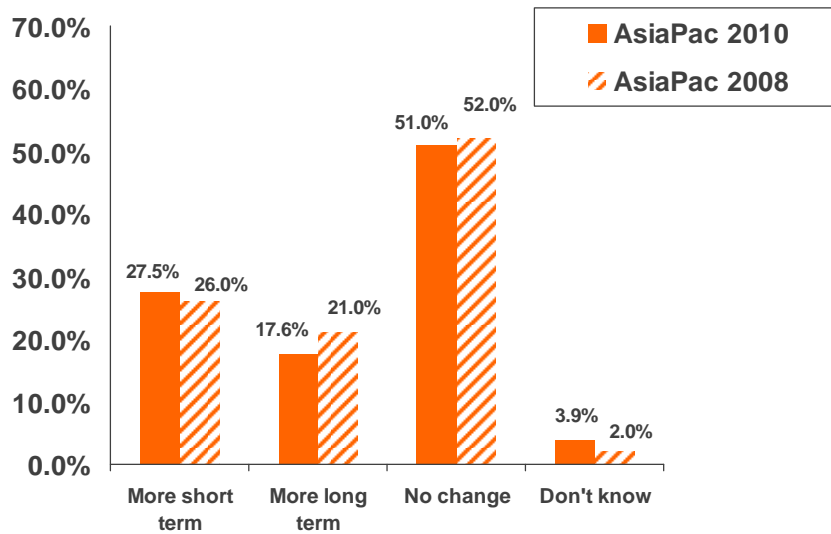
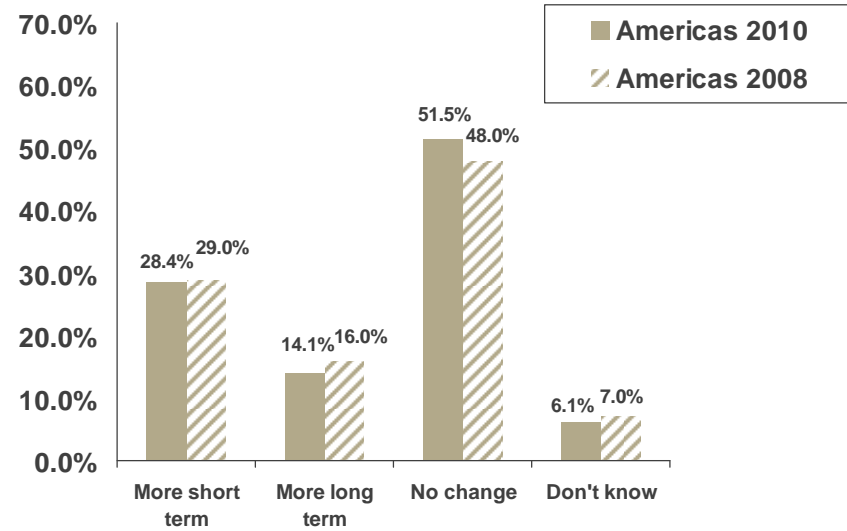
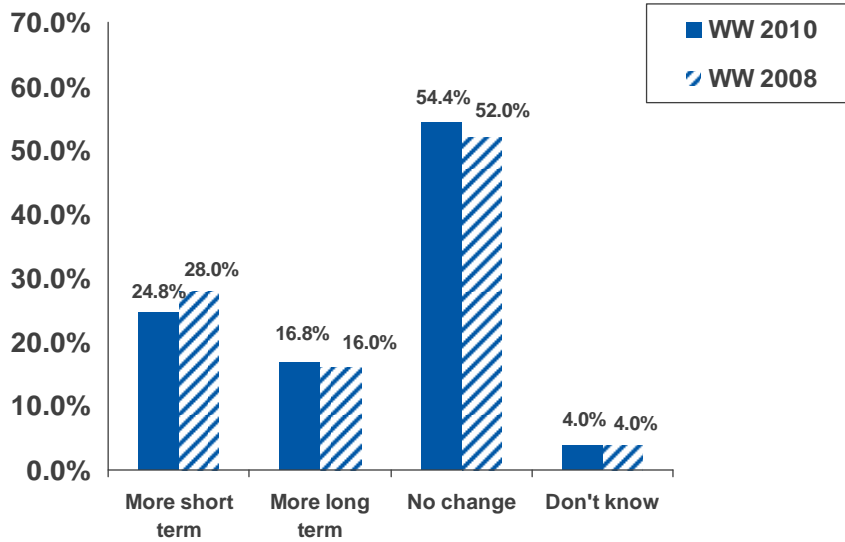
Worldwide & Americas

	WW 2010	Americas 2010	EMEA 2010	Asia Pac 2010
None	12.2%	12.7%	9.4%	10.8%
Global policy development	39.1	42.6	40.6	33.3
Intraregional policy development	20.0	23.7	20.1	26.5
Policy development for assignments to HQ country	13.7	13.1	8.1	12.7
Short-term assignment policy development	34.3	40.4	39.7	35.3
Multi-tier policy development	28.3	35.1	28.2	32.4
Delivery of expatriate compensation	23.6	23.9	23.9	30.4
Expatriate localization	31.3	35.7	32.9	44.1
Implementation of cost-effective COLA	21.1	18.9	23.1	33.3
Foreign service and/or mobility premiums	20.1	17.4	17.5	14.7
Hardship premiums	21.8	13.1	19.7	24.5
Housing policies	26.9	29.5	28.6	31.4
Tax equalization	22.8	26.5	23.5	32.4
Car practices	15.2	15.1	15.0	21.6
Overall cost-effectiveness	45.8	50.1	44.0	43.1
Overall competitiveness	29.5	38.7	24.4	36.3
Program administration	29.9	34.6	26.1	35.3

Use of expatriates

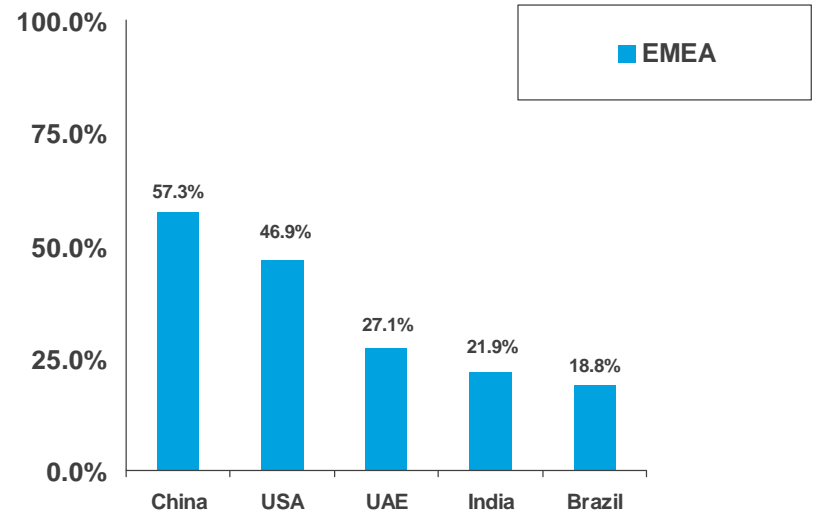
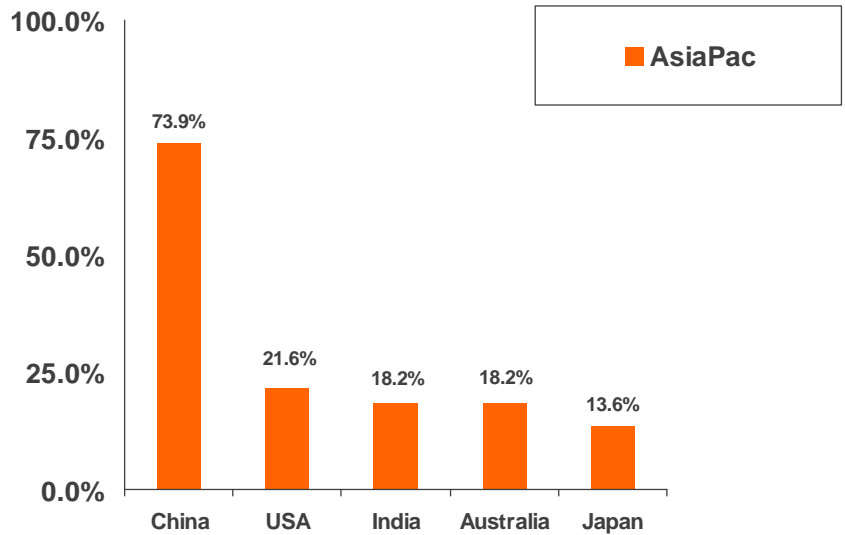
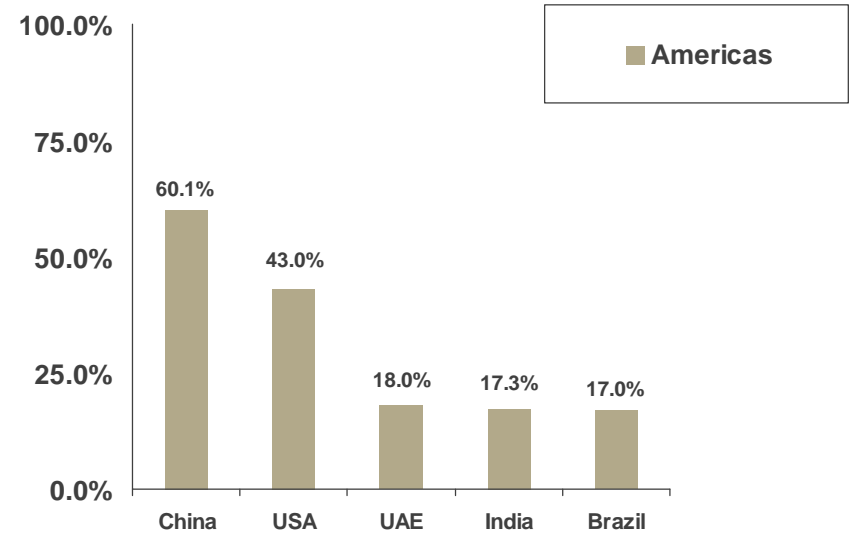
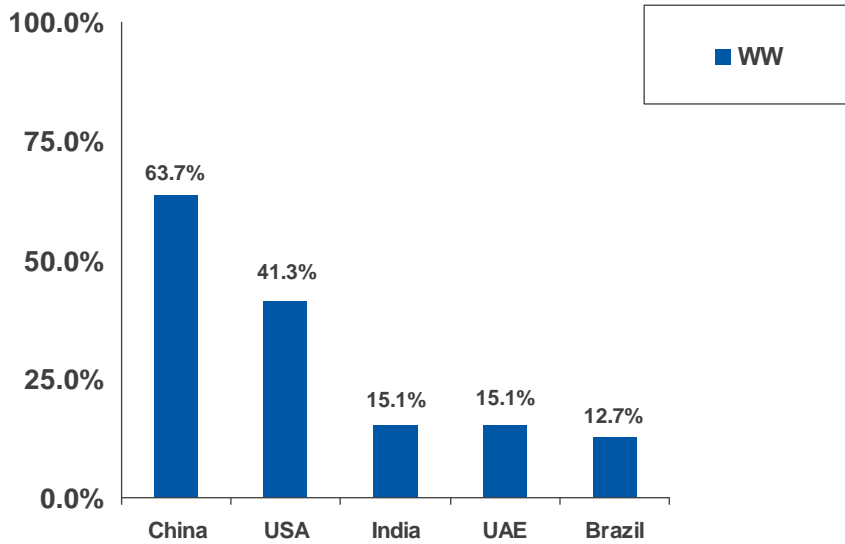


Assignment length trends



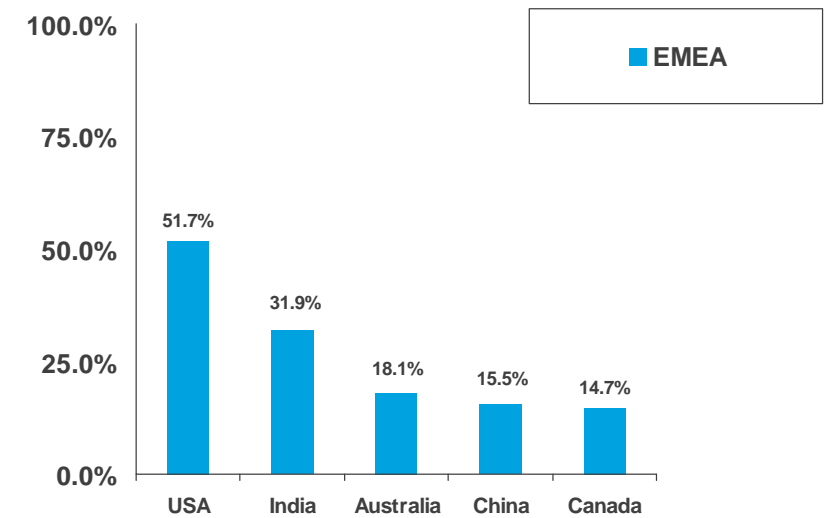
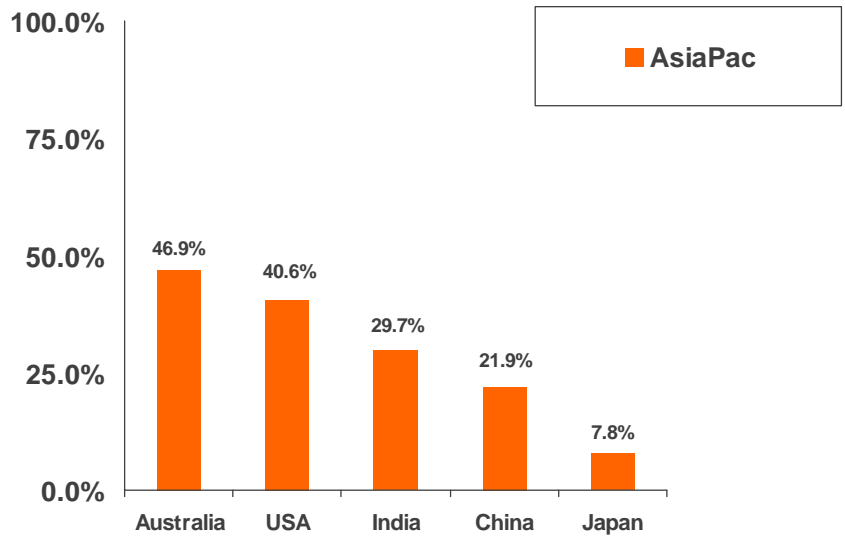
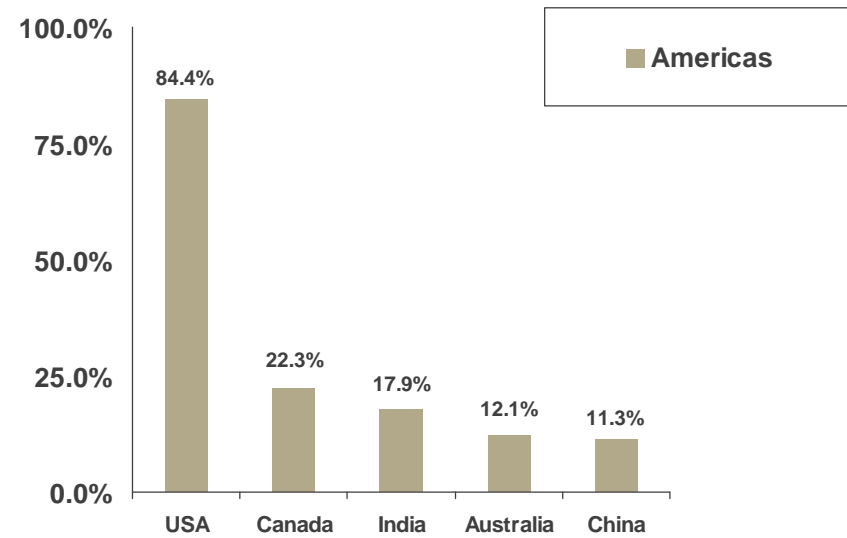
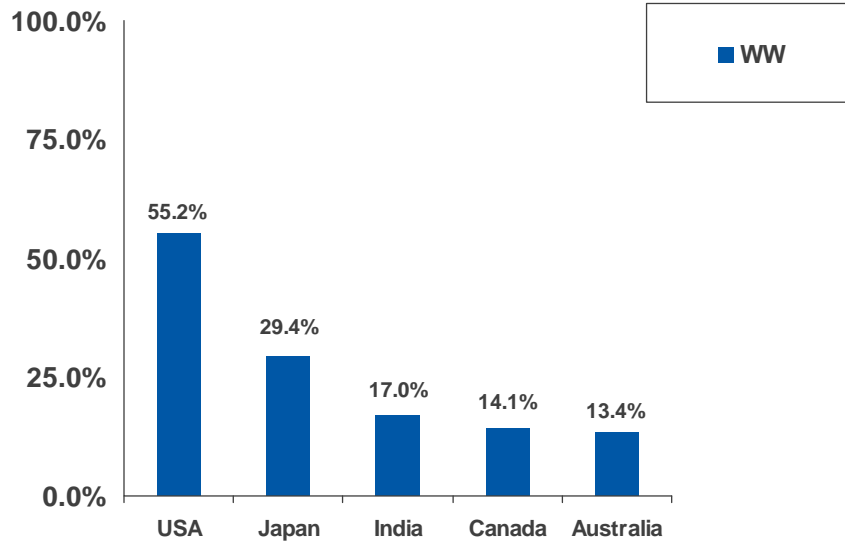
Highest use of expatriates – top five locations

Inbound

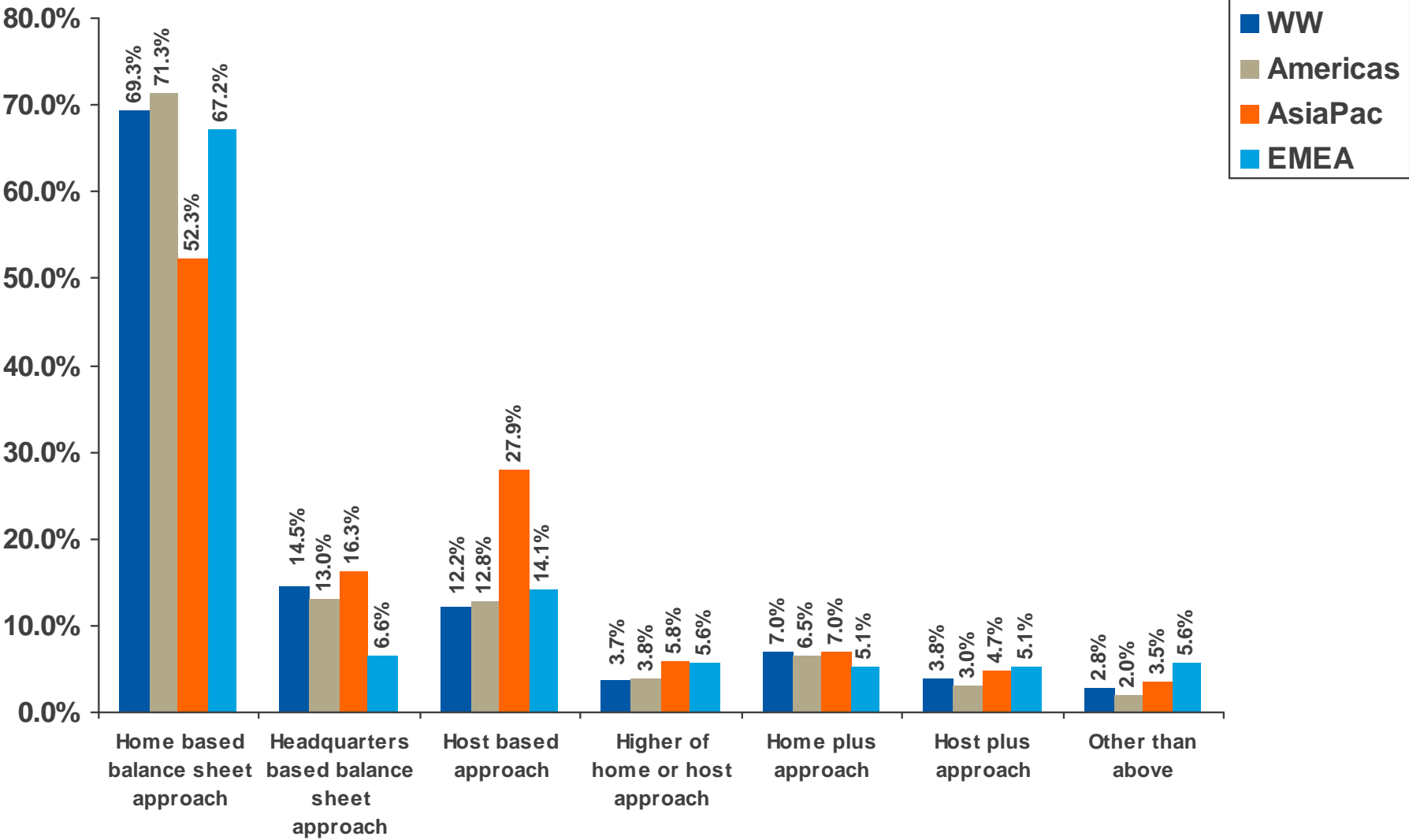


Highest use of expatriates – top five locations

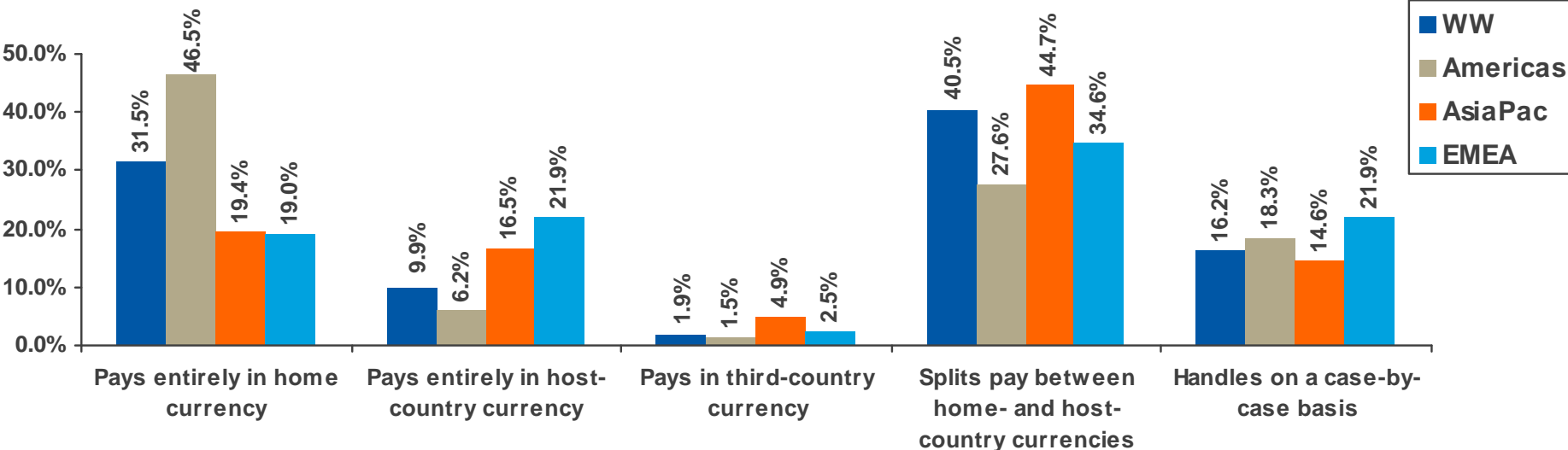
Outbound



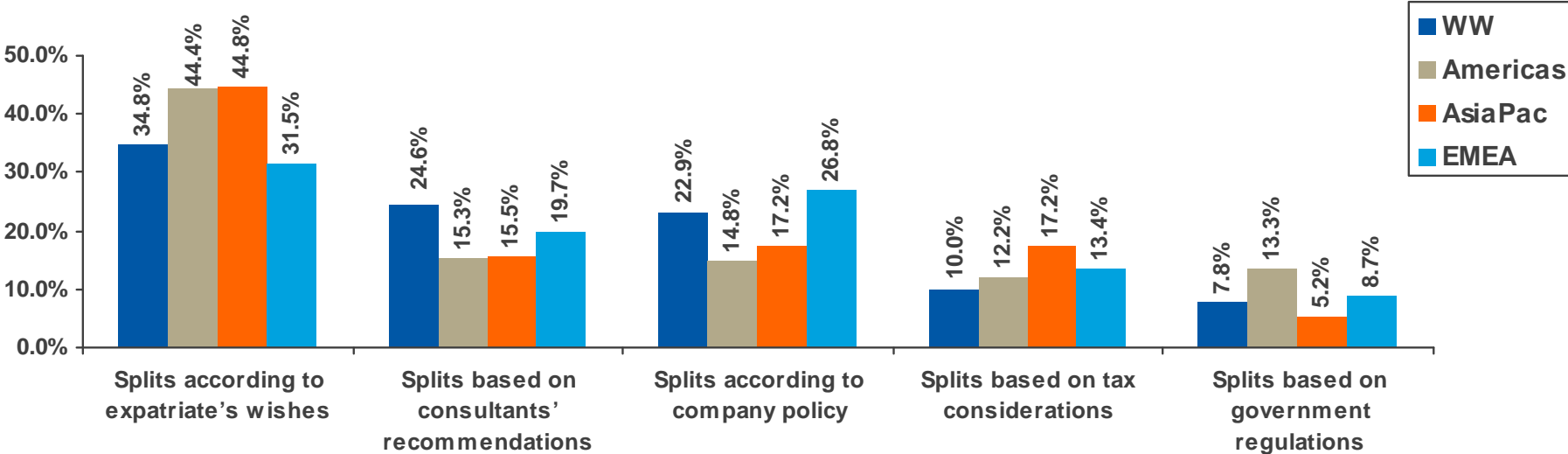
Compensation approach for global assignment



Delivery of expatriate remuneration

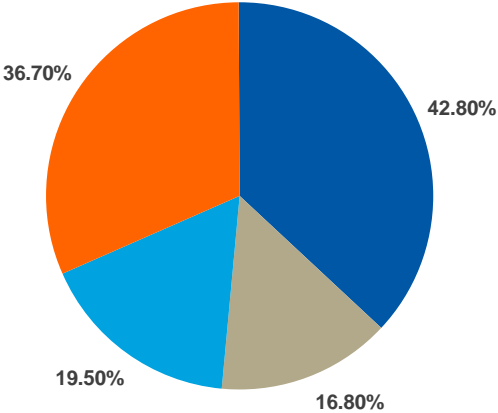


Split pay

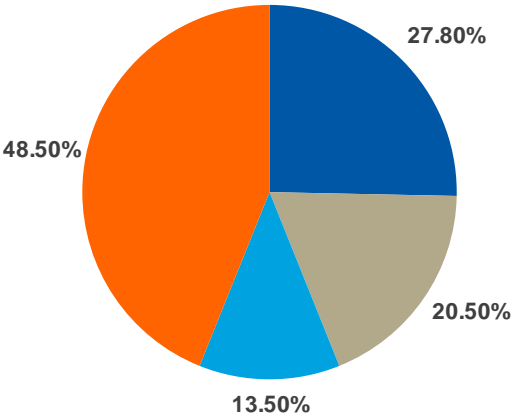


Provision of incentive premium

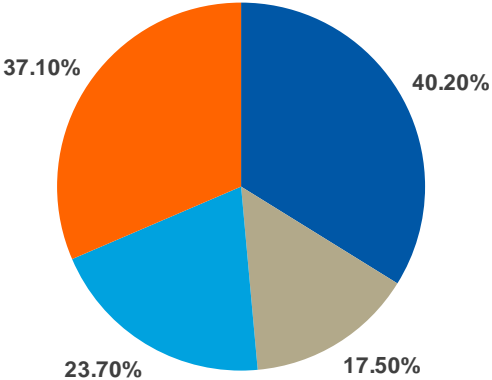
WW



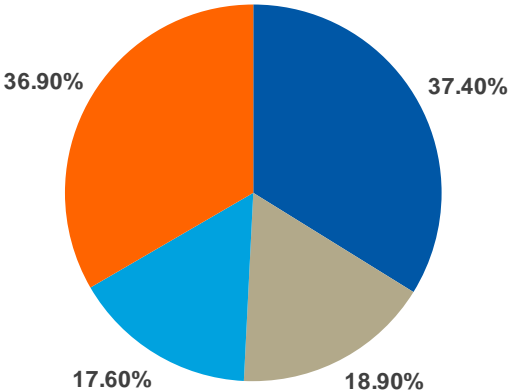
Americas



AsiaPac



EMEA



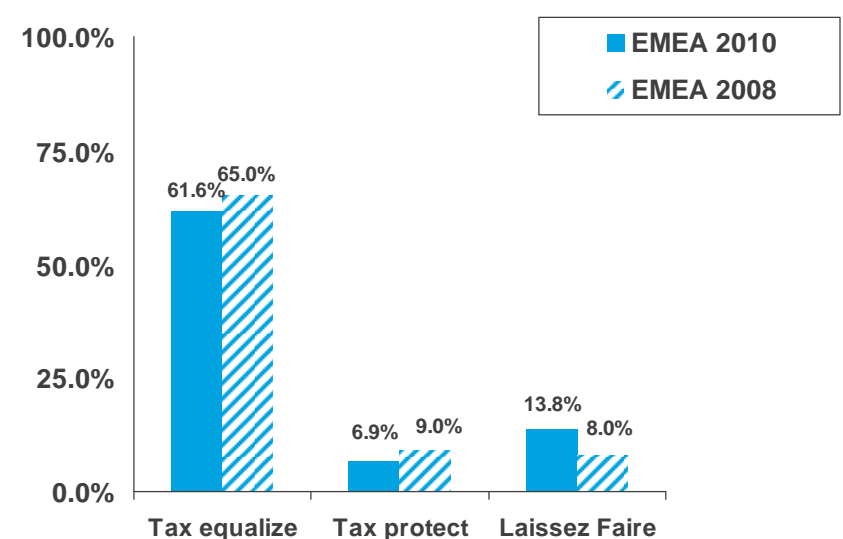
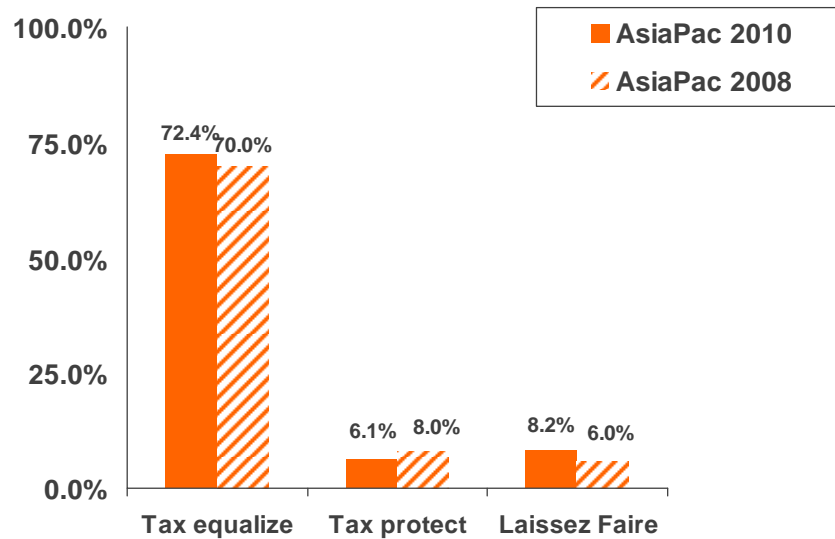
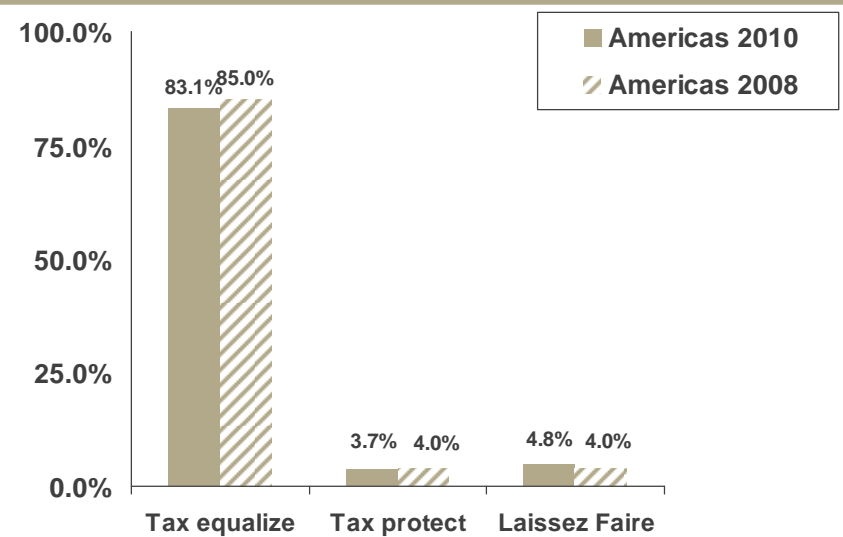
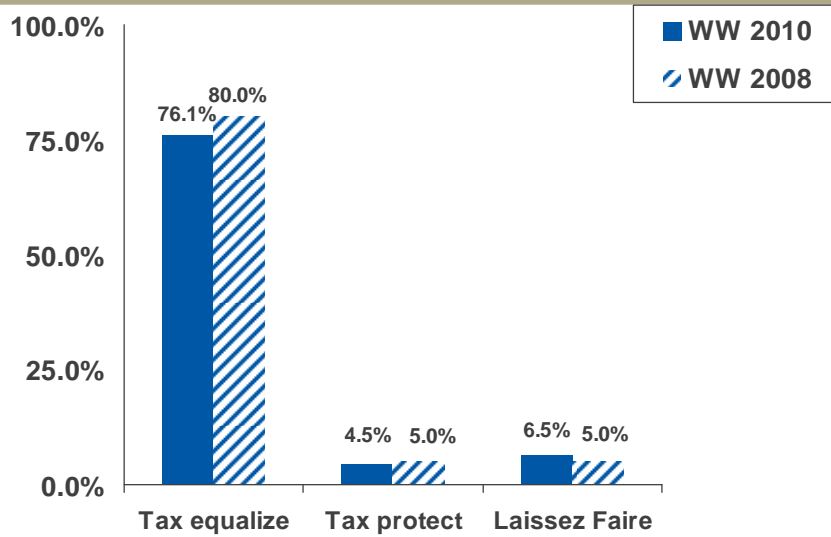
- On-going payment (foreign-service premium)
- Lump sum amount (mobility premium)
- Yes, other
- Does not provide

Calculation of incentive payments

Foreign Service Premium	WW	Americas	AsiaPac	EMEA
Percentage of base pay	62.0%	73.5%	57.5%	58.8%
- Average %	17.3	14.2	14.7	15.5
Flat amount	11.3%	2.9%	7.5%	2.4%
- Average amount	ID	\$3,010	ID	ID

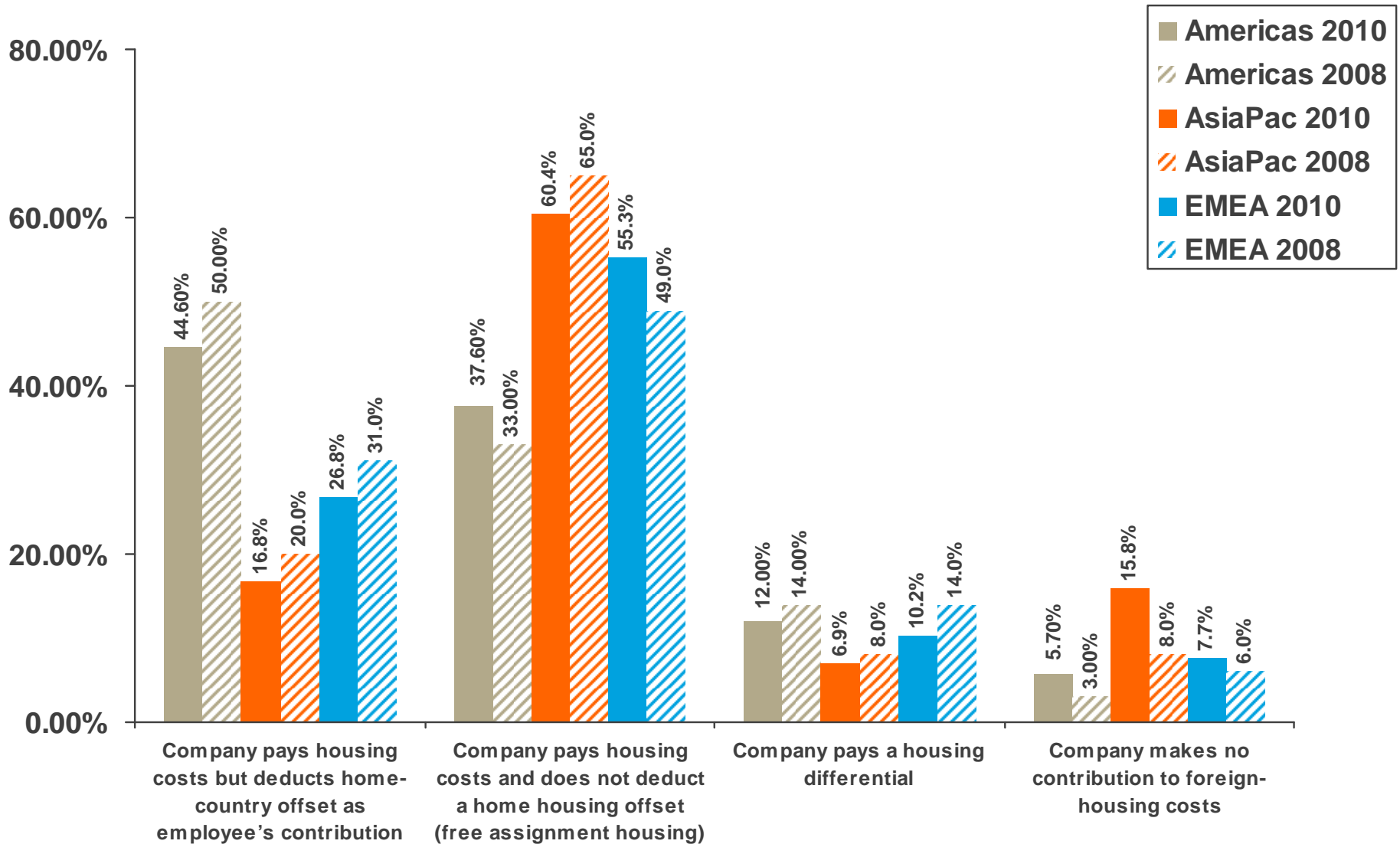
Mobility Premium	WW	Americas	AsiaPac	EMEA
Percentage of base pay	44.2%	53.3%	23.1%	37.2%
- Average %	11.8	11.5	ID	10.4
Flat amount	11.7%	9.8%	0.0%	16.3%
- Average amount	\$6,386	\$7,438	ID	\$4,983

Tax approaches



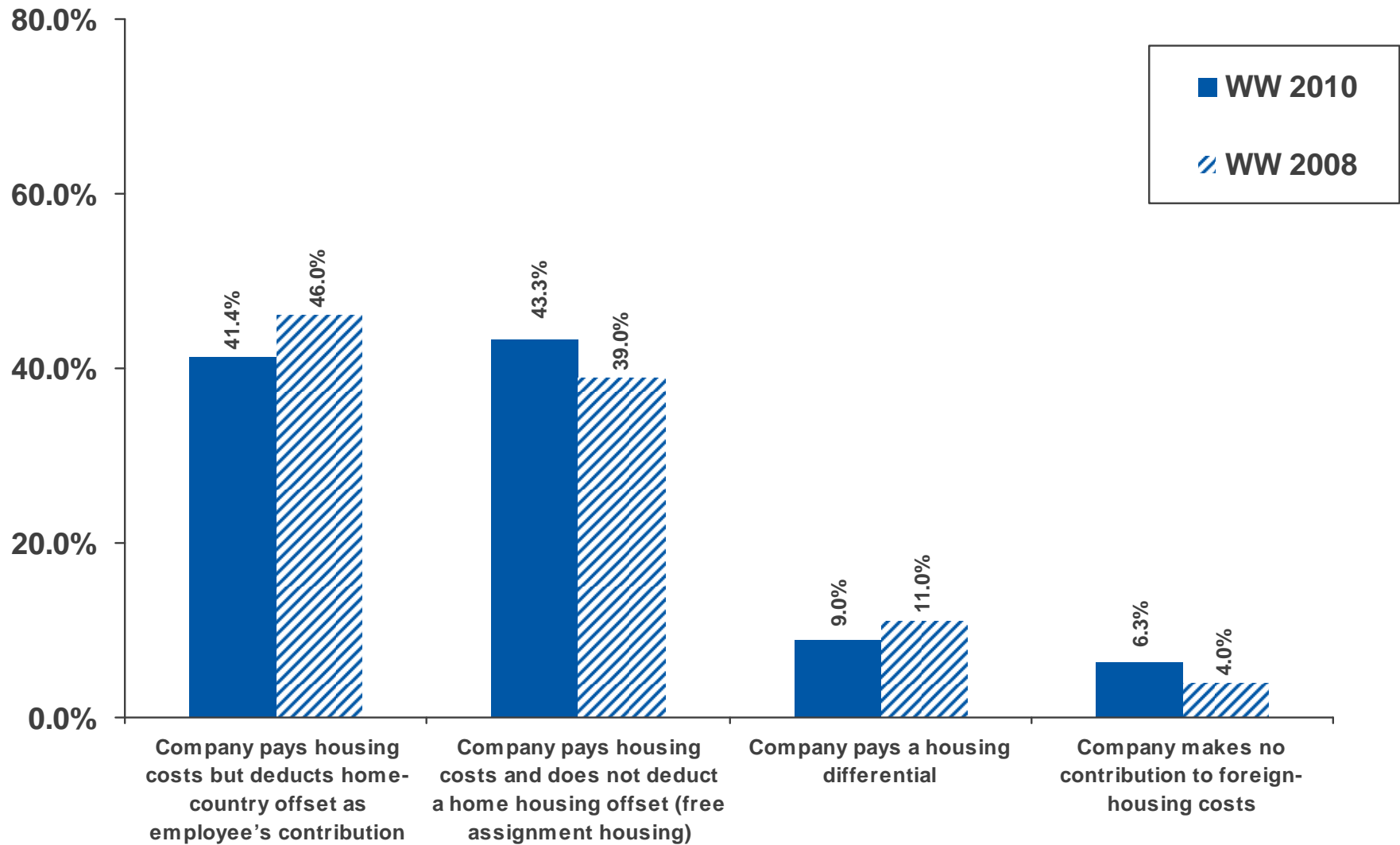
Expatriate housing policies

Americas, AsiaPac, and EMEA



Expatriate housing policies

Worldwide



Housing: further analysis (of EMEA cut)

Joint Distribution	Provides Home Sales Assistance¹ (4%)	Provides Property Management² (15%)	Provides Both (8%)	Provides Neither (73%)
Pays host housing costs and withholds norm (25%)	1%	9%	3%	12%
Pays host housing costs and does not withhold norm (57%)	1%	3%	1%	51%
Provides housing differential (10%)	0%	2%	3%	5%
Makes no contribution to host housing costs (8%)	1%	1%	1%	5%

1) Provides home sales assistance, but not property management

2) Provides property management, but not home sales assistance

Housing: further analysis (of EMEA cut)

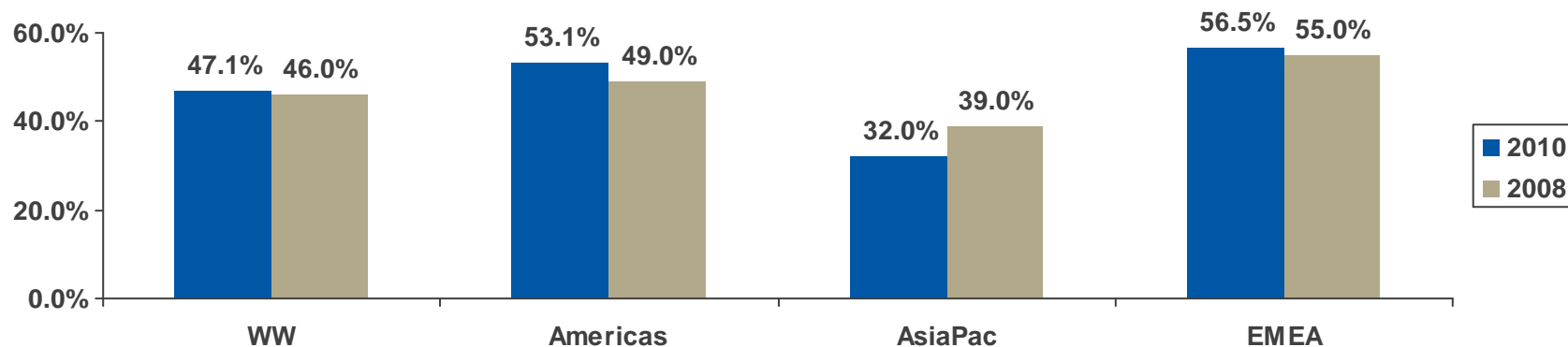
Conditional Distribution	Provides Home Sales Assistance ¹	Provides Property Management ²	Provides Both	Provides Neither
Pays host housing costs and withholds norm (44%)	5%	36%	11%	47%
Pays host housing costs and does not withhold norm (37%)	2%	5%	2%	90%
Provides housing differential (12%)	0%	19%	29%	52%
Makes no contribution to host housing costs (6%)	12%	18%	12%	59%

1) Provides home sales assistance, but not property management

2) Provides property management, but not home sales assistance

Spousal support

Provides Spousal Support

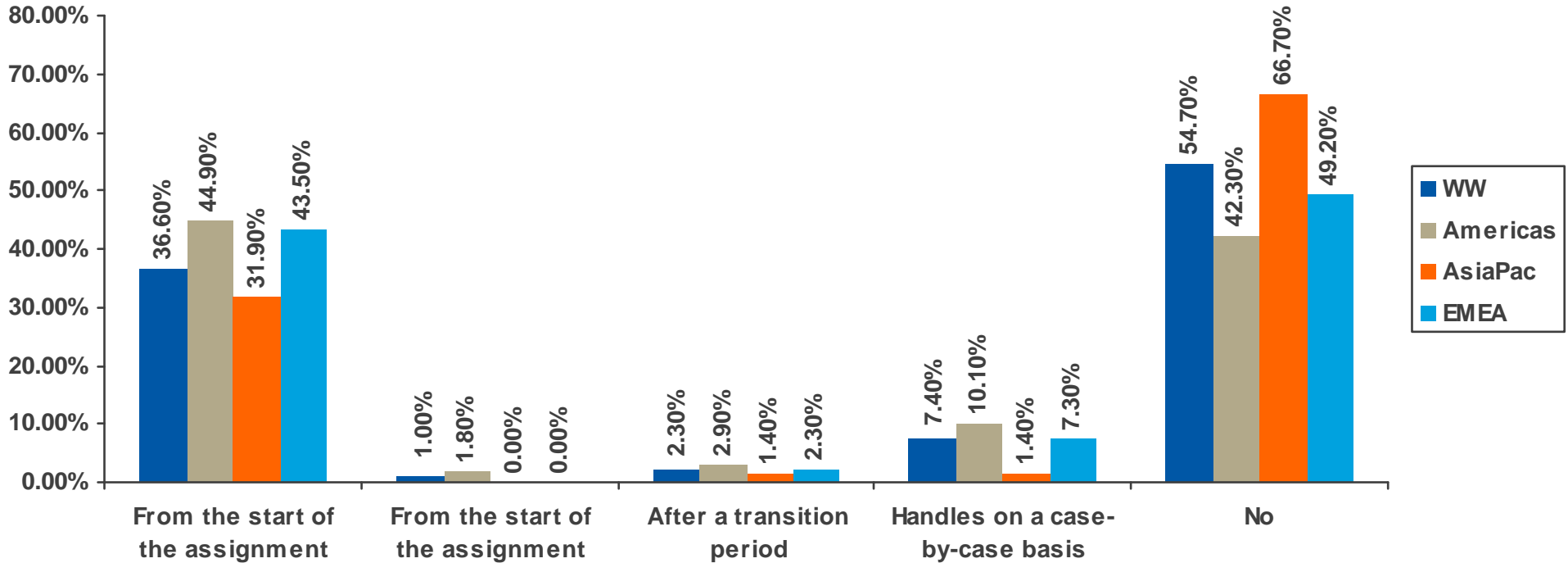


Spousal Support Payments

of those that provide some form of support

	Worldwide		Americas		AsiaPac		EMEA	
	2010	2008	2010	2008	2010	2008	2010	2008
A one-time lump sum spousal-assistance cash payment or allowance	17.2%	18.0%	19.1%	23.0%	13.0%	19.0%	13.3%	14.0%
<i>Average amount in US dollars</i>	3,959	5,252	3,704	4,727	ID	4750	5,158	7,675
A one-time reimbursement of receipts up to a maximum amount	31.5	30	34.5	34	21.7	19	36.7	33
<i>Average amount in US dollars</i>	4,635	5,080	3,646	3,868	8,460	9,865	5,924	7,305
An annual spousal-assistance payment or allowance	8	9	7.2	8	4.3	5	12.2	12
<i>Average amount in US dollars</i>	3,792	4,009	4,188	4,181	ID	2,500	3,546	3,939
An annual reimbursement of receipts up to a maximum amount	13.5	12	17	11	4.3	19	13.3	17
<i>Average amount in US dollars</i>	4,227	5,502	3,775	4,841	ID	15,300	5,326	3,504
Amount of additional compensation based on prior spousal salary	0.9	1	0	1	8.7	14	1	1
<i>Average percent</i>	ID	ID	ID	ID	ID	ID	ID	ID
No allowance or reimbursement provided	28.9	29	22.2	24	47.8	24	23.5	22

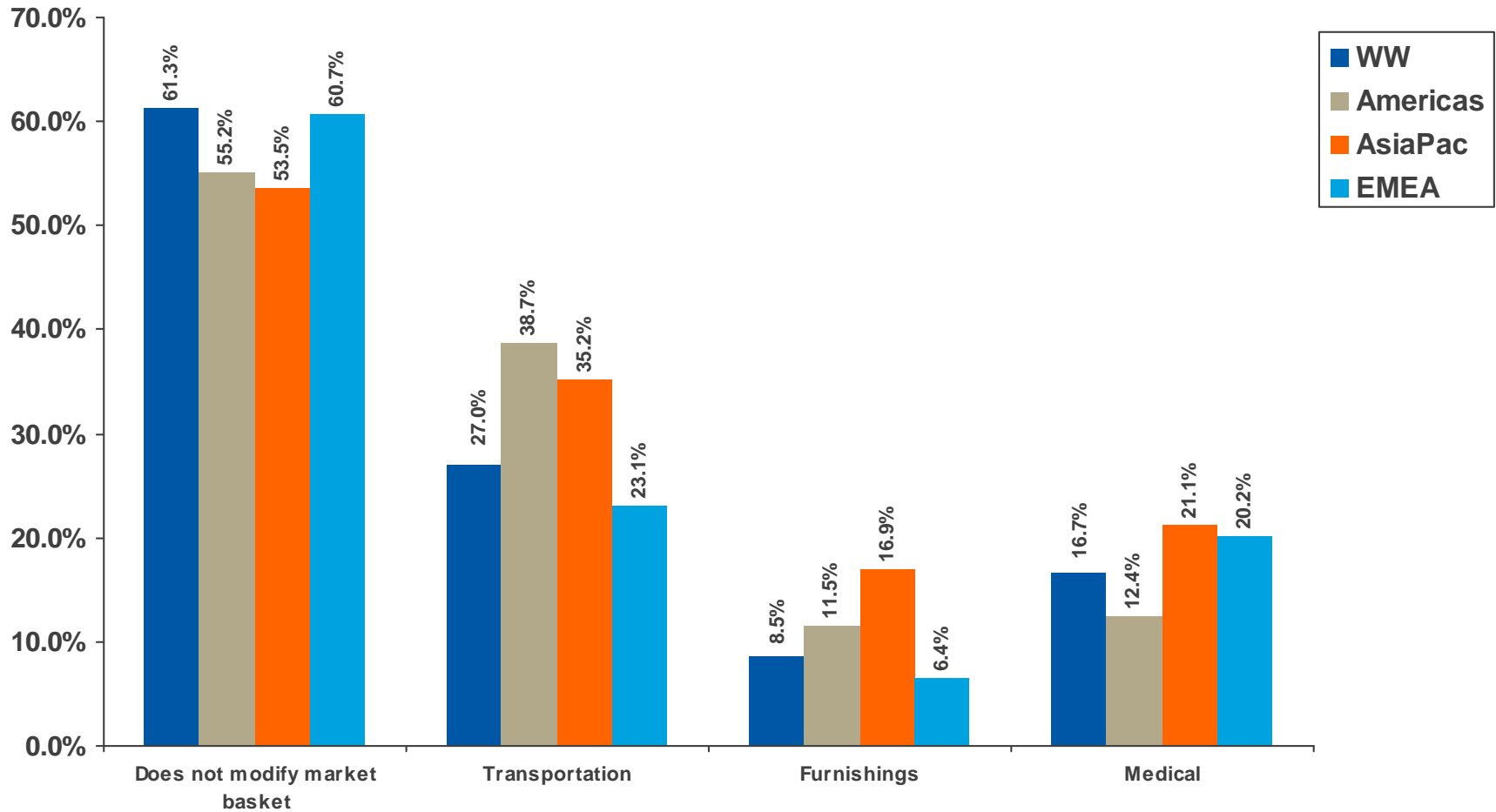
Usage of efficient purchaser indices for COLA



Average number of months:

- WW: 22.5
- Americas: 7.1
- AsiaPac: ID
- EMEA: 20.3

Market basket items modification

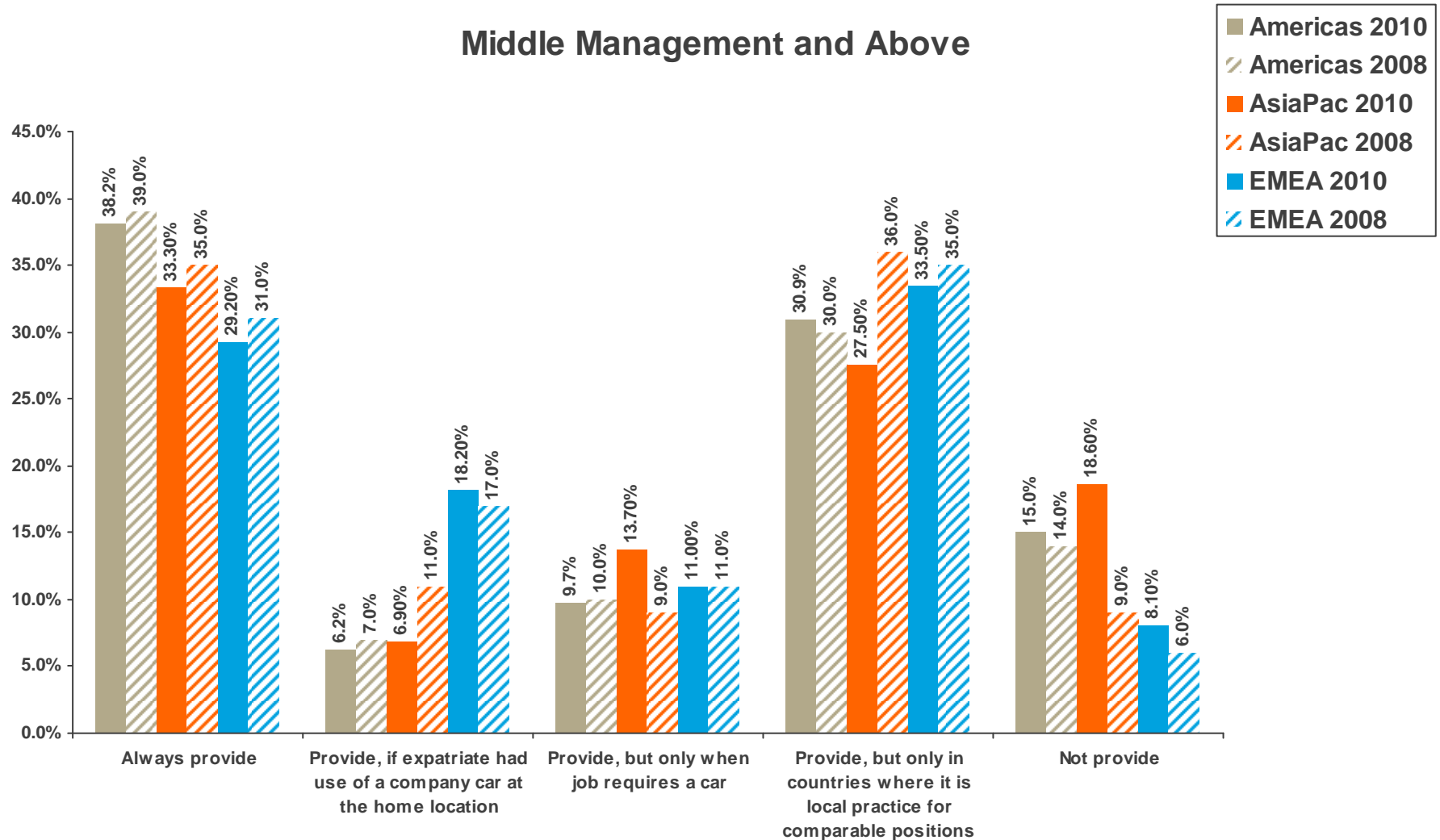


Main reason for modifying the market basket items is to avoid duplication of payment of items already included in policy.

Transportation allowance

Americas, AsiaPac, and EMEA

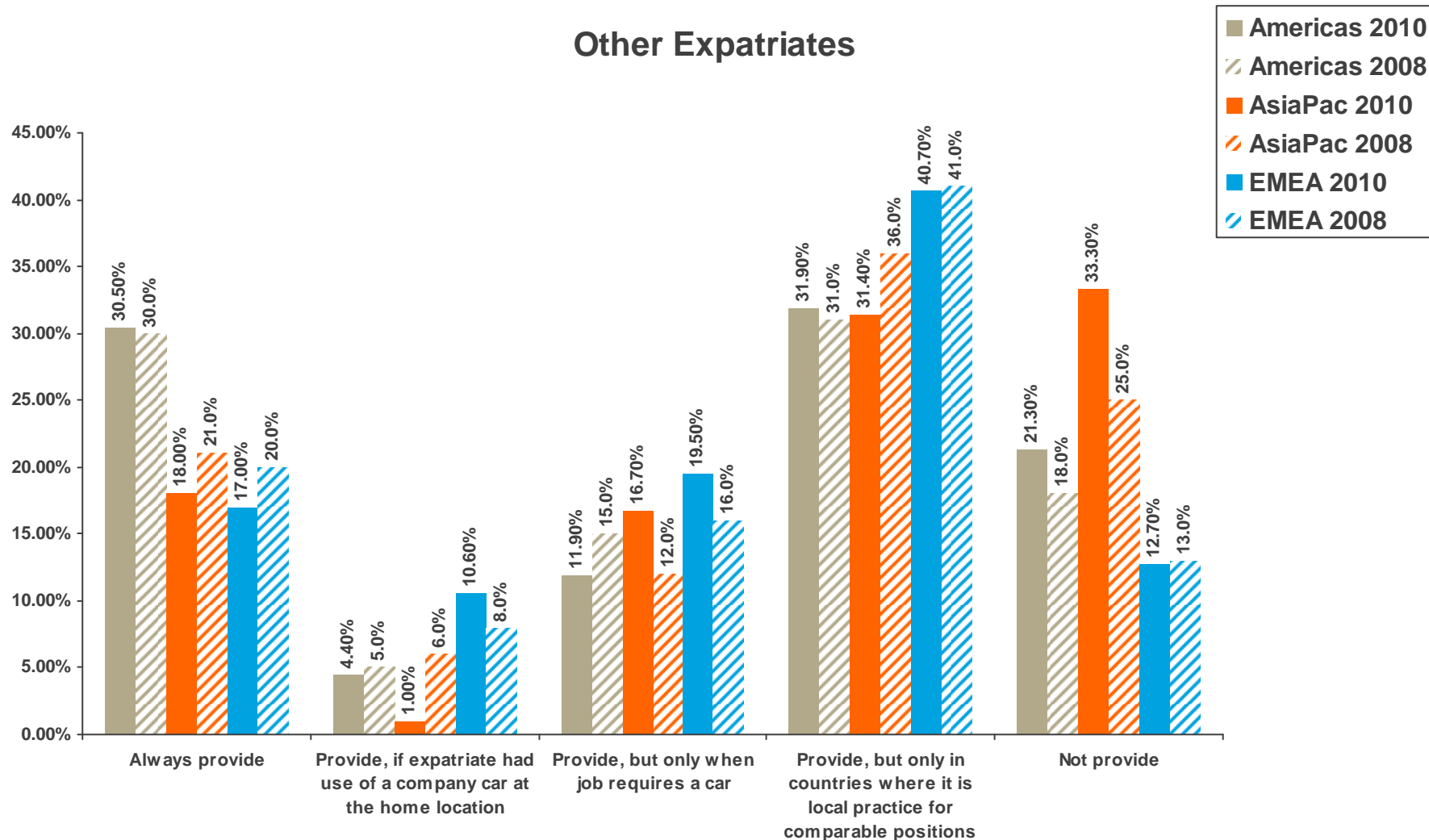
Middle Management and Above



Transportation allowance

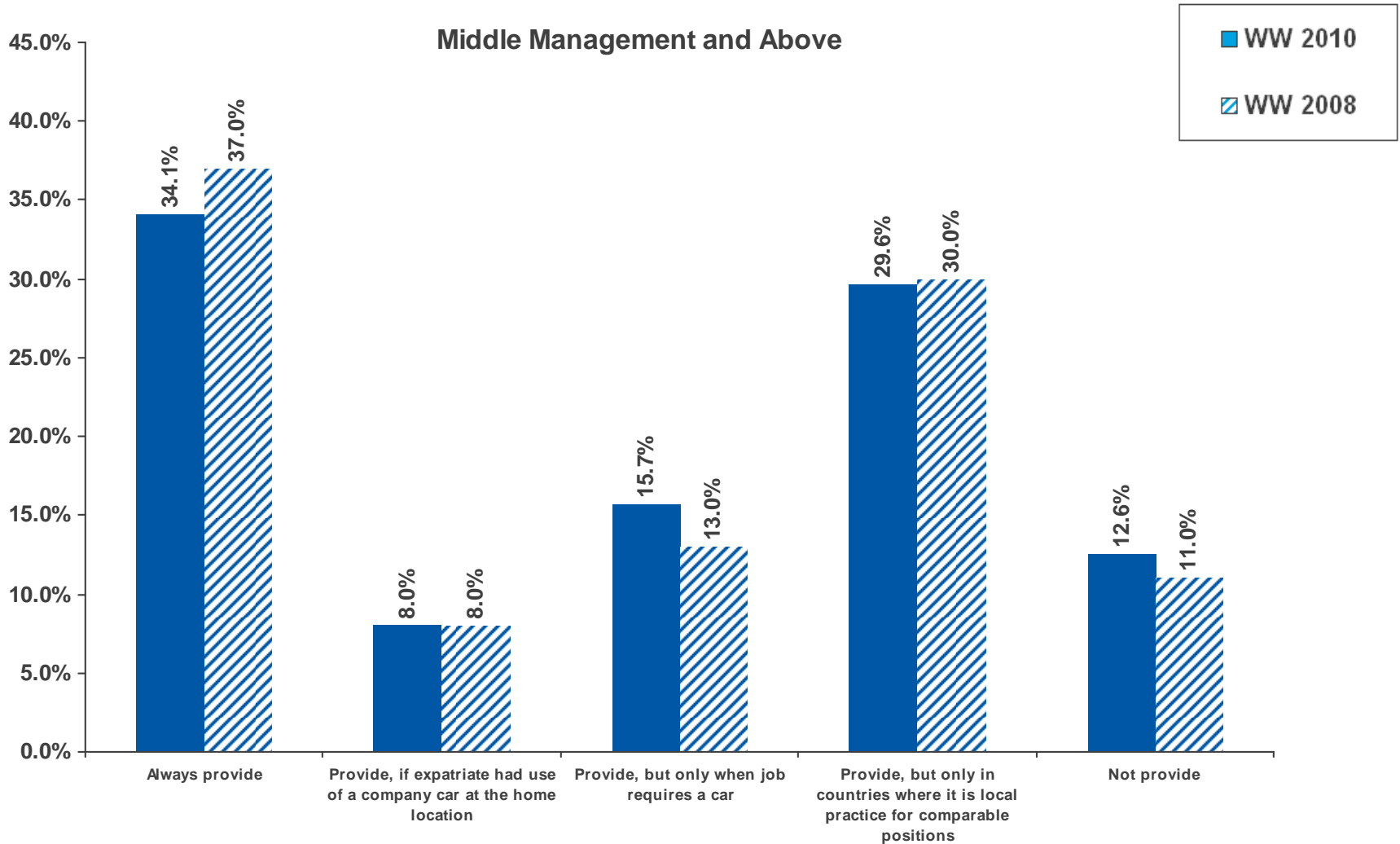
Americas, AsiaPac, and EMEA

Other Expatriates



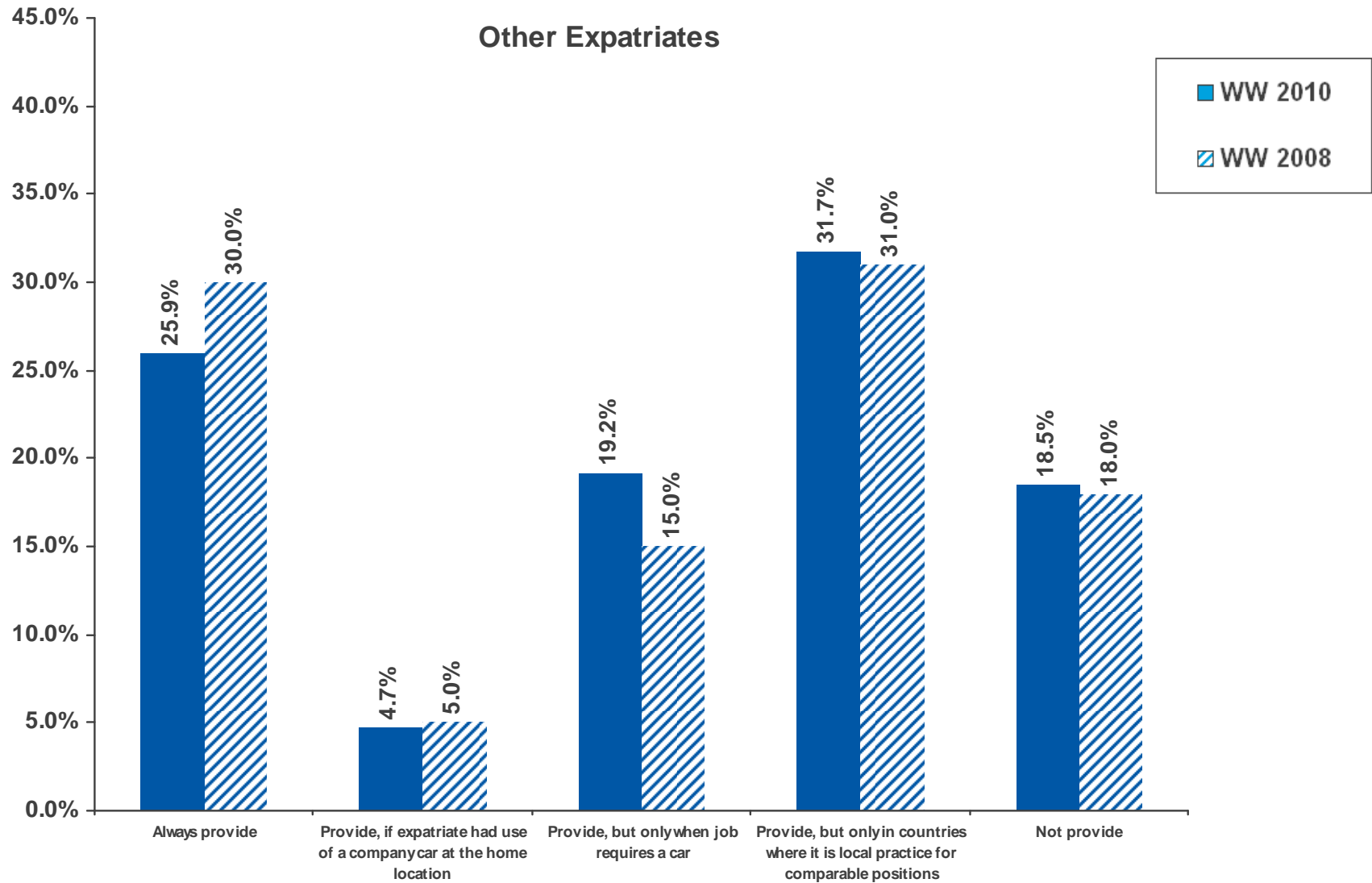
Transportation allowance

Worldwide



Transportation allowance

Worldwide



Questions and contacts

James O'Neill
Chicago
+1 312 917 9683
james.oneill@mercercor.com

Dan Mikes
Chicago
+1 312 917 9441
daniel.mikes@mercercor.com

Questions

Please type your questions in the web Q&A and we will do our best to answer as many questions as we have time for.

To submit a question simply click on the Q&A link at the top of your screen. A box will appear on the screen in front of you. Simply type in your questions and then click on the 'ASK' button.

www.mercercor.com/webcasts

View past recordings and sign up for upcoming webcasts

MERCER