



ECA Global Perspectives
Benefits for mobile employees

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Introduction

Few people would be willing to relocate to another country without assurances about the standard of healthcare, housing and education that they and their family can expect. A well-designed benefits policy for globally mobile employees can ease their concerns and enable them to focus on the objectives of their international assignment.

Yet the costs involved can be significant. The chart opposite shows how a benefits package covering housing, education for one child, a car and utilities contributes to the net value of an assignee's remuneration package in a selection of countries. As you can see, the value of assignment benefits can easily amount to over 60% of the package, even before tax is taken into account (and benefits are usually considered taxable).

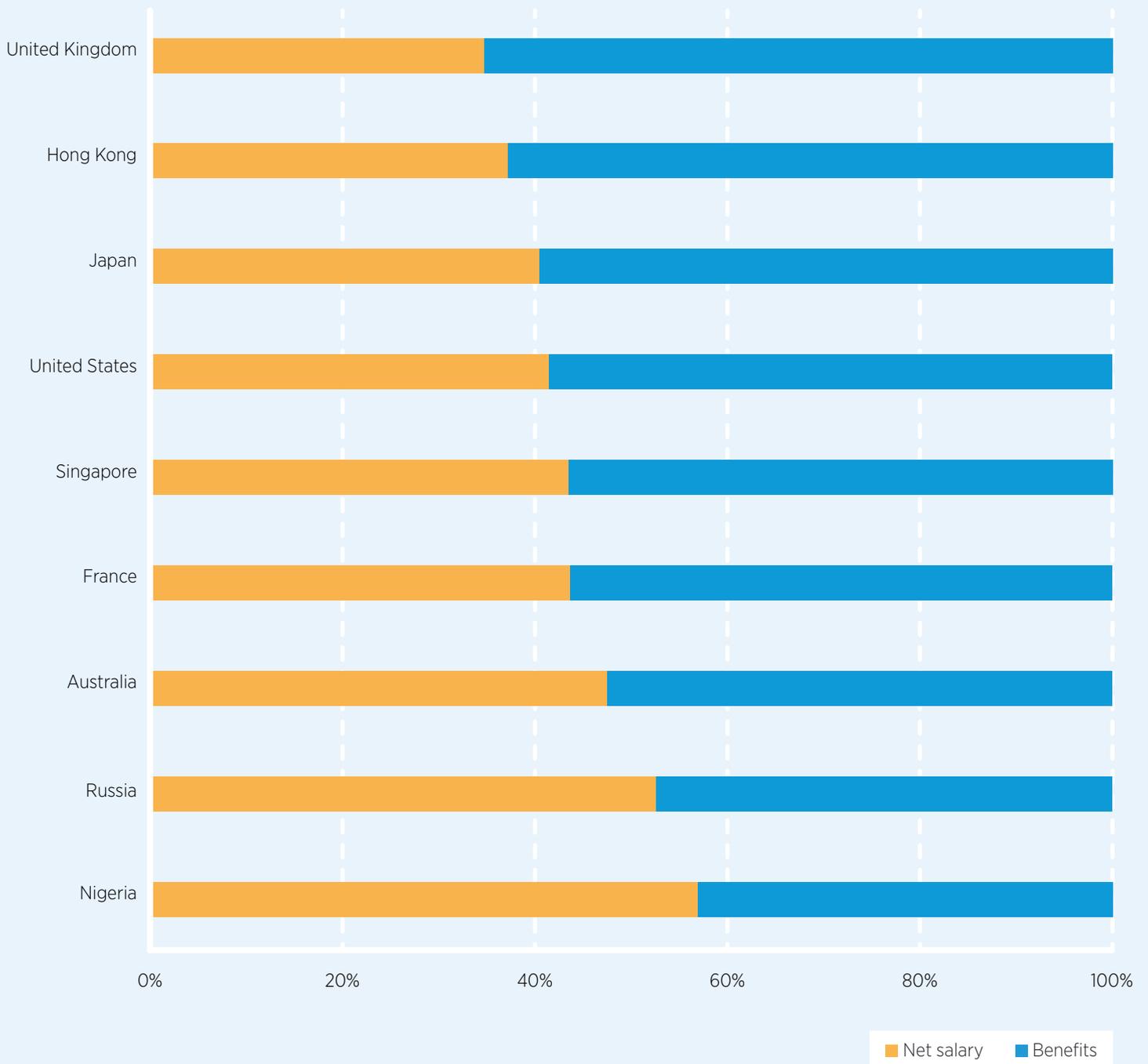
Despite continuing pressure on organisations to reduce the costs of their mobility programmes, ECA statistics show that in recent years there have been no major changes in the core benefits that they provide to their assignees. More than three-quarters of respondents to ECA's latest Benefits for International Assignments survey assist with the costs of home leave flights, medical insurance, housing, children's education and company cars, for example.

While cost control is a priority for these companies, they clearly view benefits as essential for ensuring the success of their mobility programmes. There is therefore a clear advantage in being able to predict and communicate to all stakeholders the likely cost of potential assignments before they are approved. Global mobility professionals who can demonstrate a strong grip on costs and understand when it is appropriate to provide certain benefits will be able to demonstrate the viability of individual assignments and the value of the mobility programme to the business.

ECA researches and reports on the costs of key expatriate benefits in over 170 countries each year. This report takes a detailed look at the costs of some of the core benefits included in many mobility policies, best practice regarding their provision and how these should be combined with salary and tax data to produce detailed cost estimates.

All benefit costs used and quoted in this report, unless otherwise stated, are those available at the time of ECA's March 2019 benefits survey. Where applicable, currency conversions have been made using the March 2019 survey exchange rate which is an average of the exchange rate published by OANDA during the period 23 February to 9 March 2019.

Host country benefits as a proportion of a middle manager assignee salary package



71%

of companies use independent data suppliers like ECA
to determine the value of the benefits they provide



Trends and practice

A well-designed global mobility programme should incentivise talent to be mobile while minimising unnecessary costs. Understanding the latest practice in benefits provision is key to ensuring your programme is competitive yet cost-effective.

Overview of benefits practice

Trends in benefits provision

Even though the value of benefits can easily amount to over half of the total remuneration package, the number of benefits offered to international assignees has remained relatively consistent in recent years. The need to balance any reduction in costs with the need to provide competitive assignment packages has deterred significant change. The most commonly provided benefits are home leave flights, medical insurance and examinations, housing, education for dependent children and company cars.

However, while companies have maintained provision of these core benefits there has been a drive to reduce expenditure in specific areas. Companies have generally downgraded the flight class allowed for home leave travel, for example, with economy class now the norm for all trips home except for senior managers on flights exceeding eight hours. The provision of non-core benefits such as domestic staff and club membership has also been reduced.

Another key trend is the flexibility that organisations are introducing to their policies to cater for increasingly diverse mobility scenarios. A new graduate assigned to a well-established city to gain valuable international work experience will have different needs and motivations than an experienced manager whose skills are desperately needed in a developing country. Companies are increasingly segmenting their mobility policy to deliver different business objectives, which means the level of benefits on offer may be different depending on the policy applied.

Managing benefits policy

The global mobility (GM) team, where there is one, is the function that most commonly determines the benefits policy appropriate for their organisation. The home country HR function and senior management are also often involved in setting the policy, especially in smaller companies that are less likely to have a dedicated GM team.

Most companies only review the kinds of benefits they provide on an ad hoc or occasional basis, with little variation depending on the type of benefit. However, where companies provide cash allowances or specify budgets for particular benefits, these are generally reviewed along with other cash elements of the remuneration package on at least an annual basis. Companies typically consult external data providers like ECA to determine both the range of benefits offered and the value of those benefits.

Delivery of assignment benefits

Delivering a benefit in the most tax-efficient way can have a considerable impact on overall assignment costs. The elements of the salary and benefits package that are subject to tax and social security contributions will vary depending on host country legislation and therefore need to be established separately for each assignment. Many typical assignment benefits will be partially or fully taxable and if the employer is paying the tax under a tax equalisation or tax protection policy, the tax paid may itself be considered a taxable benefit!

Typically, tax relief tends to apply where benefits are provided in kind, or where the company reimburses actual costs incurred against receipts. Overall, organisations tend to prefer providing benefits-in-kind, as it allows greater control over quality and costs, especially regarding housing and medical care, which helps to fulfil their duty of care to employees. Reimbursing actual expenses tends to be the most common arrangement where it is desirable to give the assignee greater control over the specific details of the provision, for example education and childcare.

Providing a cash allowance to enable assignees to purchase their benefits themselves is currently the least popular method of delivery, probably because tax relief is rarely available on such payments, which assignees can use at their discretion and ultimately for any purpose. However, such flexibility is increasingly in demand from employees who want more choice in how their assignment package is put together to meet their personal needs. Companies are shifting towards core-flex policies, maintaining direct support in essential areas while providing lump sum payments to cover benefits like home leave, empowering the assignee to spend this money how they please. While not the most tax-efficient delivery method, savings can be made by “cashing out” benefits that would have previously involved onerous administration for the business.

Benefits provided to international assignees



Home leave travel
92%



Medical insurance
90%



Host housing
89%



Pre-assignment medical
83%



Education
80%



Cars
77%



Tax assistance
74%



Utilities
58%



Drivers
52%



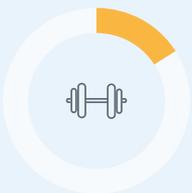
Public transport
38%



Partner support
36%



Childcare
19%



Sports and social clubs
16%



Home housing
13%



Domestic help
5%

Cost estimates

Global mobility (GM) teams around the world face many and varied challenges in their roles, but the one they most commonly report is being under pressure to reduce costs. Increased pressures to predict and justify the cost of both individual assignments and entire global mobility programmes has brought the need for more accurate forecasting and recording of the full costs of international transfers.

Cost estimates enable a company to forecast and record how much each international assignment will cost, enabling GM to raise awareness about the costs of international transfers to the business, improve budgeting and develop better management reporting. There are a number of ways cost estimates can be used to improve cost control:

Budgeting

A cost estimate gives the business unit bearing the expense of an assignment a clear indication of total costs, which it can incorporate in its budget accordingly.

Evaluating different scenarios

Cost estimates make it easy to compare the costs of using different mobility options, such as a short-term assignment versus a long-term one or an accompanied assignment versus one where the family stays at home. Furthermore, as workforces in emerging markets mature, cost estimates are increasingly used to compare the cost of sending an employee abroad with that of making a local hire.

Project bids

If the nature of a company's business requires the submission of bids, a cost estimate can be a valuable tool in assessing the project costs to ensure margins are maintained.

Improving management approval workflow

Companies may choose to incorporate the preparation and approval of a cost estimate in their standard assignment process. Having such transparency allows decision makers and administrators to have access to the same information, which should reduce the chances of any surprises further down the line.

Designing and maintaining a business-enabling GM programme

Being able to accurately project costs to support the business in their daily operations will help GM managers demonstrate the value of their programme.

What is included in a cost estimate?

To provide an accurate estimate, all costs incurred as a result of the assignment need to be considered. In addition to the most obvious costs, such as salary and key benefits like accommodation and education, items such as look-see visits, cultural awareness courses and language training need to be included as these are important extras that can add up.

For a realistic cost estimate of the entire assignment, the expected costs in the first year, the intermediate year(s) and the repatriation year are looked at separately, as some costs will only be applicable in certain years. For example, one-off costs such as look-see visits or work permits will only appear in the first year, while annual salary costs and other assignment benefits, such as accommodation, will be provided every year the assignee is abroad.

The cost estimate opposite shows the hypothetical costs for an assignment from Toronto to Shanghai. Costs can be split into four main areas:

1. Salary payments

The starting point is the base salary, to which some companies may add a bonus. Any additional allowances that the assignee is entitled to, such as COLA, mobility allowance and location allowance, should also be included here.

2. Annual expenses

The cost of typical assignment benefits such as accommodation, education, transport, medical insurance and home leave travel increases the package significantly. Along

with other annual benefits, administrative costs such as annual tax return preparation also need to be factored in.

3. One-time expenses

Some of the more significant one-off costs relate to the physical act of moving the employee and their family to the host location and back again. As with the annual expenses, costs for flights, shipment of personal effects, temporary accommodation and other similar expenditure will vary considerably depending on the circumstances of the assignee and the location they are relocating to.

4. Tax and social security

Finally, after all costs have been itemised, the further cost of tax and social security contributions needs to be considered. This can amount to a substantial proportion of the overall cost of the assignment. When designing the package and its individual elements it is crucial to determine whether there are any tax efficient ways of delivering a benefit. For example, it can be more tax effective to deliver accommodation as a benefit-in-kind rather than as a cash allowance. Which elements of the package are taxable will vary depending on host location fiscal law and therefore need to be established separately for each assignment. The social security treatment of each element will also vary depending on which country's scheme the individual is contributing to.

Cost estimate for assignment - Toronto to Shanghai

	Y1		Y2		Y3	
	CAD	CNY	CAD	CNY	CAD	CNY
1 Salary payments						
Net salary	104 110	544 495	104 110	544 495	104 110	544 495
COLA	40 281	210 670	40 281	210 670	40 281	210 670
Location allowance	30 000	156 900	30 000	156 900	30 000	156 900
2 Annual expenses						
Accommodation	131 453	687 500	143 403	750 000	143 403	750 000
Utilities	6 232	32 591	6 232	32 591	6 232	32 591
Education	101 395	530 297	101 395	530 297	101 395	530 297
Car	16 240	84 933	16 240	84 933	16 240	84 933
Storage	2 286	11 956	2 286	11 956	2 286	11 956
Medical insurance	10 301	53 873	10 301	53 873	10 301	53 873
Home leave	6 266	32 770	6 266	32 770	6 266	32 770
Tax return preparation	2 792	14 604	2 792	14 604	2 792	14 604
3 One-time expenses						
Pre-assignment visit	5 743	30 034	0	0	0	0
Pre-posting medical	2 616	13 680	0	0	0	0
Cultural training	3 187	16 669	0	0	0	0
Work permit/visa	4 498	23 523	0	0	0	0
Flights	5 818	30 428	0	0	6 266	32 770
Temporary accommodation	7 744	40 500	0	0	0	0
Shipment	25 372	132 698	0	0	27 203	142 274
Destination services	6 432	33 640	0	0	0	0
Net package total	512 766	2 681 761	463 306	2 423 089	496 775	2 598 133
4 Tax and social security						
Tax	114 830	600 562	87 735	458 855	109 993	575 261
Employee social security	5 155	26 959	5 155	26 959	5 155	26 959
Employer social security	15 317	80 107	15 317	80 107	15 317	80 107
Gross package total	648 068	3 389 389	571 513	2 989 010	627 240	3 280 460

Estimated total assignment cost: CAD 1 846 821 = CNY 9 658 859

Exchange rate: CAD 1 = CNY 5.23

89%

of companies provide assistance with housing costs in the host location



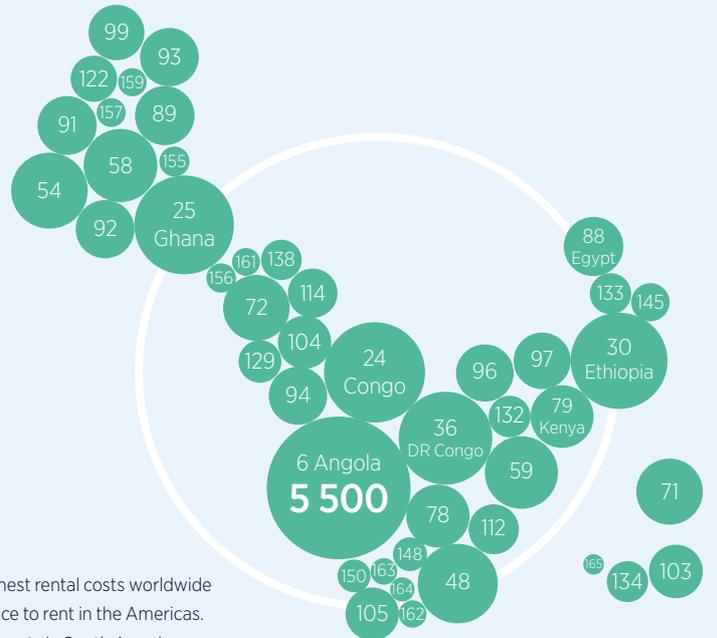
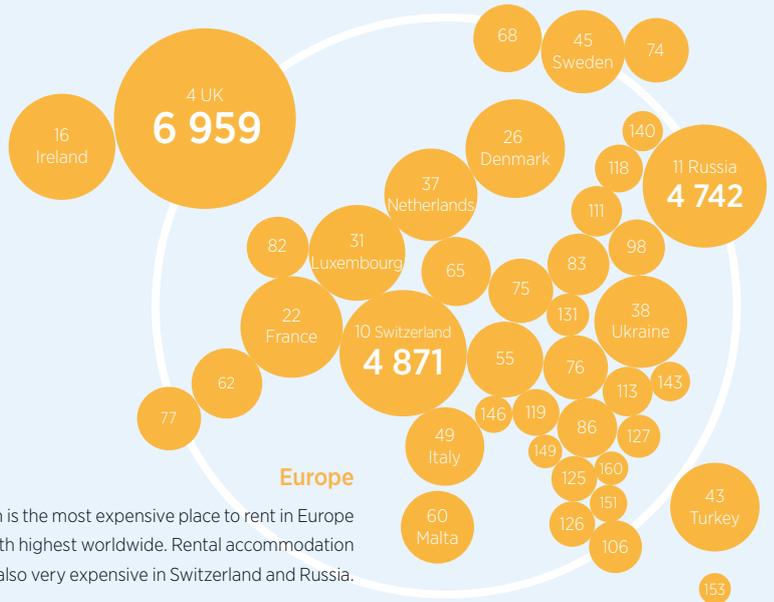
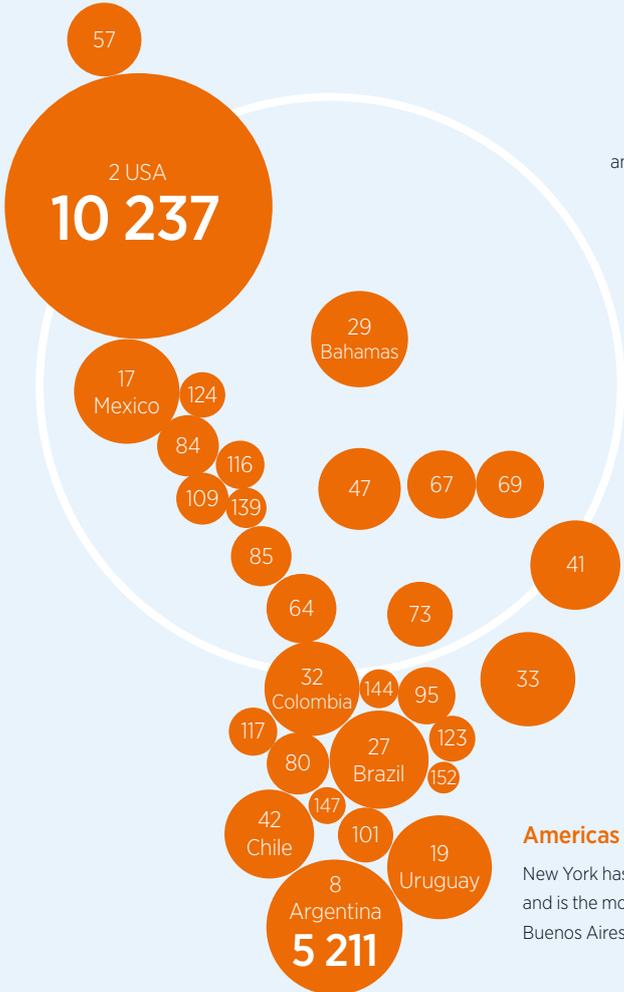
Accommodation

Accommodation costs vary greatly around the world, both in terms of the rent charged for a property and what the rent will cover. Given the high costs involved and the importance of providing the right housing to ensure the assignee's well-being, a clearly communicated accommodation policy can keep costs under control while managing expectations.

Rental costs around the world

Rental costs vary greatly around the world. Here we have ranked over 150 countries by comparing the average monthly rents for three-bedroom apartments in neighbourhoods where expatriates live in cities around the world.

Where costs are shown alongside a country's global ranking position, these are quoted in US dollars.



Rankings

Americas

- 2 **New York** USA
- 8 **Buenos Aires** Argentina
- 17 **Mexico City** Mexico
- 19 **Montevideo** Uruguay
- 27 **Rio de Janeiro** Brazil
- 29 **Nassau** Bahamas
- 32 **Bogota** Colombia
- 33 **Port of Spain** Trinidad and Tobago
- 41 **Bridgetown** Barbados
- 42 **Santiago** Chile
- 47 **Kingston** Jamaica
- 57 **Toronto** Canada
- 64 **Panama City** Panama
- 67 **Port-au-Prince** Haiti
- 69 **Santo Domingo** Dominican Republic
- 73 **Willemstad** Curacao
- 80 **Lima** Peru
- 84 **Guatemala City** Guatemala
- 85 **San Jose** Costa Rica
- 95 **Georgetown** Guyana
- 101 **Asuncion** Paraguay
- 109 **San Salvador** El Salvador

- 116 **Tegucigalpa** Honduras
- 117 **Quito** Ecuador
- 123 **Paramaribo** Surinam
- 124 **Belize City** Belize
- 139 **Managua** Nicaragua
- 144 **Caracas** Venezuela
- 147 **La Paz** Bolivia
- 152 **Cayenne** French Guiana

Europe

- 4 **London** UK
- 10 **Zurich** Switzerland
- 11 **Russia** Moscow
- 16 **Dublin** Ireland
- 22 **Paris** France
- 26 **Copenhagen** Denmark
- 31 **Luxembourg City** Luxembourg
- 37 **Amsterdam** Netherlands
- 38 **Kiev** Ukraine
- 43 **Istanbul** Turkey
- 45 **Stockholm** Sweden
- 49 **Rome** Italy
- 55 **Vienna** Austria

- 60 **Malta** Malta
- 62 **Madrid** Spain
- 65 **Berlin** Germany
- 68 **Oslo** Norway
- 74 **Helsinki** Finland
- 75 **Prague** Czech Republic
- 76 **Budapest** Hungary
- 77 **Lisbon** Portugal
- 82 **Brussels** Belgium
- 83 **Warsaw** Poland
- 86 **Belgrade** Serbia
- 98 **Minsk** Belarus
- 102 **Reykjavik** Iceland
- 106 **Athens** Greece
- 111 **Vilnius** Lithuania
- 113 **Bucharest** Romania
- 118 **Riga** Latvia
- 119 **Zagreb** Croatia
- 125 **Podgorica** Montenegro
- 126 **Tirana** Albania
- 127 **Sofia** Bulgaria
- 131 **Bratislava** Slovakia
- 140 **Tallinn** Estonia

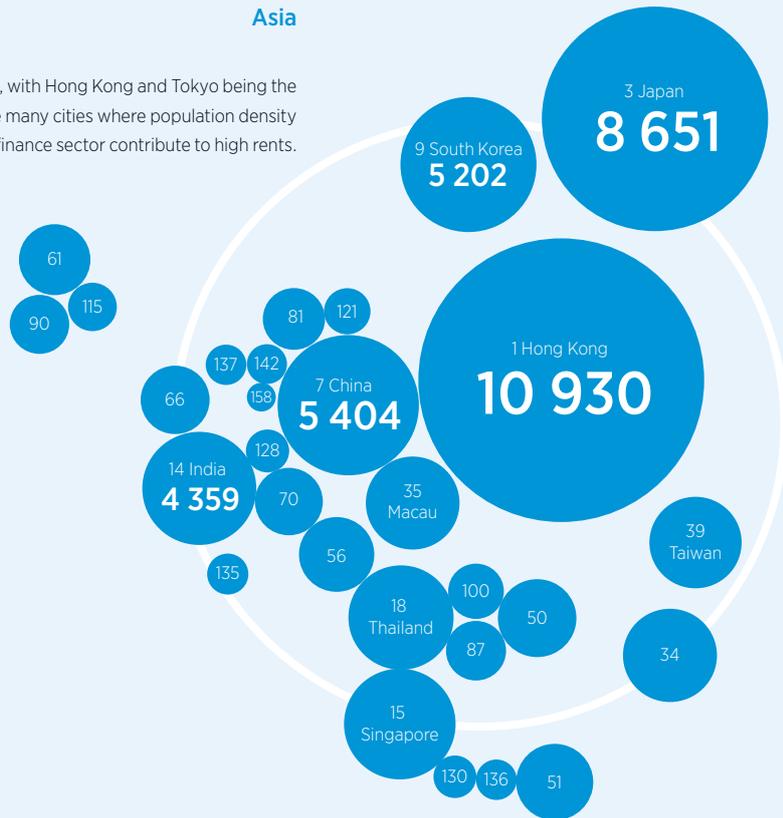
- 143 **Chisinau** Moldova
- 146 **Ljubljana** Slovenia
- 149 **Sarajevo** Bosnia
- 151 **Skopje** Macedonia
- 153 **Nicosia** Cyprus
- 160 **Pristina** Kosovo

Middle East

- 12 **Tel Aviv** Israel
- 13 **Dubai** UAE
- 23 **Doha** Qatar
- 28 **Tehran** Iran
- 40 **Kuwait City** Kuwait
- 44 **Beirut** Lebanon
- 52 **Jeddah** Saudi Arabia
- 63 **Amman** Jordan
- 107 **Manama** Bahrain
- 110 **Muscat** Oman
- 141 **Erbil** Iraq

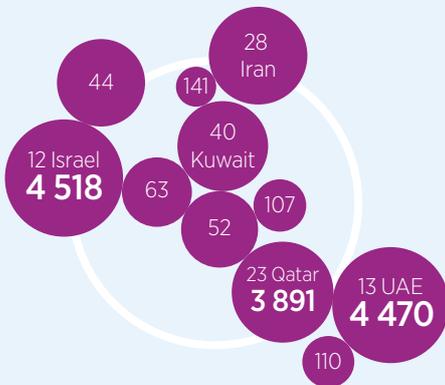
Asia

Asia has some of the costliest rents worldwide, with Hong Kong and Tokyo being the first and third most expensive cities. There are many cities where population density and demand from the finance sector contribute to high rents.



Middle East

The highest rental costs in the Middle East can be found in Qatar, Israel and the United Arab Emirates. There is a wide variation in costs across the region.



Africa

Luanda has the highest rental costs in Africa by some distance and is in sixth place globally. This is because of high demand from well-remunerated assignees in the oil industry and the security requirements of properties for expatriates.

Africa

6	Luanda	Angola
24	Brazzaville	Congo
25	Accra	Ghana
30	Addis Ababa	Ethiopia
36	Kinshasa	DR Congo
48	Maputo	Mozambique
54	Monrovia	Liberia
58	Conakry	Guinea
59	Dar es Salaam	Tanzania
71	Victoria	Seychelles
72	Lagos	Nigeria
78	Lusaka	Zambia
79	Nairobi	Kenya
88	Cairo	Egypt
89	Bamako	Mali
91	Freetown	Sierra Leone
92	Abidjan	Cote d'Ivoire
93	Casablanca	Morocco
94	Libreville	Gabon
96	Kigali	Rwanda
97	Kampala	Uganda
99	Algiers	Algeria
103	Port Louis	Mauritius
104	Yaounde	Cameroon
105	Johannesburg	South Africa
112	Lilongwe	Malawi
114	N'Djamena	Chad
122	Dakar	Senegal
129	Malabo	Equatorial Guinea
132	Bujumbura	Burundi
133	Asmara	Eritrea
134	St Denis	Reunion
138	Niamey	Niger
145	Djibouti	Djibouti
148	Harare	Zimbabwe
150	Windhoek	Namibia
155	Ouagadougou	Burkina Faso
156	Lome	Togo
157	Banjul	Gambia
159	Nouakchott	Mauritania
161	Cotonou	Benin
162	Mbabane	Swaziland
163	Gaborone	Botswana
164	Maseru	Lesotho
165	Antananarivo	Madagascar

Asia

1	Hong Kong	Hong Kong
3	Tokyo	Japan
7	Shanghai	China
9	Seoul	Korea Republic
14	Mumbai	India
15	Singapore	Singapore
18	Bangkok	Thailand
34	Metro-Manila	Philippines
35	Macau	Macau
39	Taipei	Taiwan
50	Ho Chi Minh City	Vietnam
51	Jakarta	Indonesia
56	Yangon	Myanmar
61	Tbilisi	Georgia
66	Islamabad	Pakistan
70	Dhaka	Bangladesh
81	Almaty	Kazakhstan
87	Phnom Penh	Cambodia
90	Yerevan	Armenia
100	Vientiane	Laos
115	Baku	Azerbaijan
121	Ulaanbaatar	Mongolia

Pacific

Long-term accommodation

Accommodation is often the most expensive component of a typical long-term international assignment package. Almost 90% of employers provide some level of financial assistance towards housing costs in the host country, meaning that keeping track of rents in global property markets is key. However, an assignee's monthly rent payments may not represent the full scale of the accommodation costs that they incur. There is a variety of different costs falling under the umbrella of housing that many employers choose to compensate for, either in full or in part.

Rent

As the previous pages show, the cost of renting varies widely around the world. When determining the area of a city in which an assignee is likely to live, most companies look for secure, good quality housing in neighbourhoods close to the workplace, balancing these criteria against the cost of providing such a property. In some markets the range of accommodation available in popular neighbourhoods is very narrow while in others there is a huge range in cost between premium accommodation and more affordable options.

Rents in neighbourhoods typically sought by expatriates tend to show less volatility than at the extremes of the property market; changes in supply and demand tend to have greater effects on the local housing and luxury sectors. However, rents can still change quickly in the expatriate sector, so it is key that accommodation provision is regularly reviewed to ensure assignees have budgets or allowances that correlate with the situation on the ground. Rental prices are often higher (and availability lower) just before the start of the school academic year as families compete to finalise home moves before term begins. Assignments starting in July or August in the northern hemisphere, for example, may be unavoidable for assignees with children of school age, but cost savings can be made by avoiding starting assignments in these months for single or unaccompanied staff.

Companies with smaller expatriate populations tend to have a flexible approach to providing assignee accommodation and determine budgets on a case-by-case basis, while larger companies often take a more structured approach, varying provision by

family size and/or seniority in each location. Many employers link an assignee's seniority to the quality of accommodation available in popular areas of a city and vary the number of bedrooms provided according to the size of their family. Whatever a company's expatriate population size, establishing some basic ground rules which are clearly communicated to all stakeholders can not only keep costs under control but also manage expectations.

Furnishings

There are notable exceptions, but in most property markets around the world homes are more commonly rented unfurnished than furnished. The difference in cost between furnished and unfurnished properties can be substantial in locations where furnished options are limited.

If an organisation's intention is to provide their assignees with furnished accommodation, they will need to budget for higher costs in markets where unfurnished properties are more common, either by paying a higher rent to secure a furnished property or by providing assignees with an allowance to purchase furniture locally. Another option for longer assignments is to cover the cost of shipping the assignee's furniture from home, which may be the only viable option in countries where locally produced furniture is not up to the standards expected by an assignee.

Almost half of employers aim to provide furnished accommodation to their assignees, while just over a third vary their provision according to local practice or the length of the assignment. The longer the assignment, the more cost-effective it is likely to be for the assignee to ship their furniture and rent an unfurnished property.

Service charges

Service charges are fees levied to cover the cost of services, such as maintenance of communal areas or security, that are provided in an apartment building or gated community. In some locations these costs are covered by the agreed monthly rent payment, whereas in others they are charged separately and in addition to rent. Most employers aim to cover service charges for their assignees, so in these locations employers need to factor this additional cost into their housing budgets.

The nature of service charges can vary significantly between property markets and between housing developments in the same location. While they will generally cover the upkeep of communal areas in a housing development, they sometimes also cover the cost of certain utilities, like water supply for example. It is recommended that companies scrutinise their assignees' tenancy agreements to determine exactly which costs are included in the monthly rent, as employers that already provide their assignees with a utilities allowance could potentially find themselves compensating their employees twice.

Taxes

Taxes linked to property apply in many jurisdictions, levied in a variety of ways. Common taxes are VAT or withholding tax, which are payable in addition to a property's quoted monthly rent in many markets. Stamp duty and lease registration taxes, payable around the time of signing tenancy agreements, are also widespread.

Municipal taxes also apply in a number of countries, many of which are calculated according to the property being rented. These taxes typically fund services in the local area, such as waste collection and road maintenance. Municipal taxes are sometimes calculated using arcane and complicated methods that make them difficult to estimate and budget for; in the United Kingdom, for example, council tax calculations are based on the sales price a property in England would have commanded in 1991, or 2003 in Wales!

42% of companies cover the cost of property taxes for their assignees in all cases and a further 35% cover them when they are included in the rent. Being flexible is key to minimising costs for the company; for example, the name in which a tenancy agreement is signed can have a bearing on housing tax liability, such as in Tanzania where personal leases are not subject to tax but a withholding tax equal to 17% of the rent applies where the employer is named on the lease.

Utilities

The costs of household utility bills are handled by companies in various ways, with 58% of employers providing some level of support to their assignees. As mentioned previously, employers who meet the cost of utilities should check their assignees' tenancy agreements to see if any utility costs are already included in the rent or service charges.

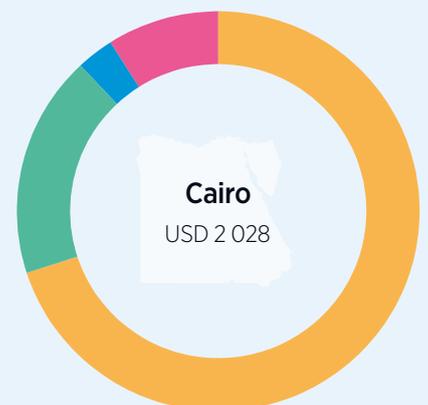
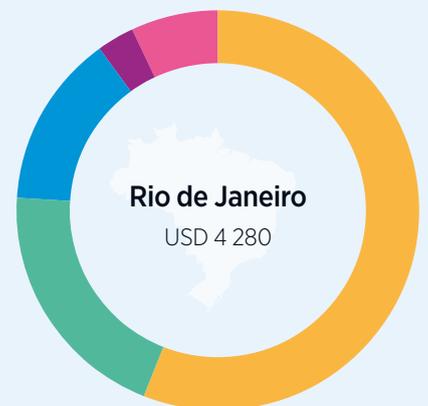
Generally, companies will pay the bills directly or reimburse the assignee for the expense, although some consider utilities to be tied to day-to-day expenditure and include their cost in the assignee's cost of living adjustment. This, however, only accounts for the difference in cost between the home and host locations, not the total cost, and may cause the cost of living index to be lower than if utilities were not included.

Companies who provide utilities as a benefit generally cover the cost of electricity, gas and water. The costs of internet, cable television and telephones are less commonly covered. Some companies only provide for utilities on a discretionary basis, and in any case it is a good idea to build flexibility into the policy. In some locations air conditioning will be an additional, and essential, utility to consider. Similarly, utilities will be a more pressing concern in locations with substandard infrastructure where rolling blackouts are common and the water supply of low quality. In some places it will be necessary to ensure that assignees are housed in properties that have round-the-clock access to backup generators.

Total costs

As the graphic to the right shows, in locations like Moscow the rent payable for a property will cover most of the total expenditure covered under the umbrella of accommodation. This contrasts with cities in Brazil, where service charges and property taxes are significant additional costs that are billed separately, and where furnished properties are much more expensive than unfurnished ones. While rent is the largest cost associated with accommodation, these additional costs can be significant. A well-defined housing policy which makes it clear to both the employee and the employer exactly which costs will be compensated for is crucial to the success of an assignment.

Total monthly cost of renting a furnished two bedroom apartment



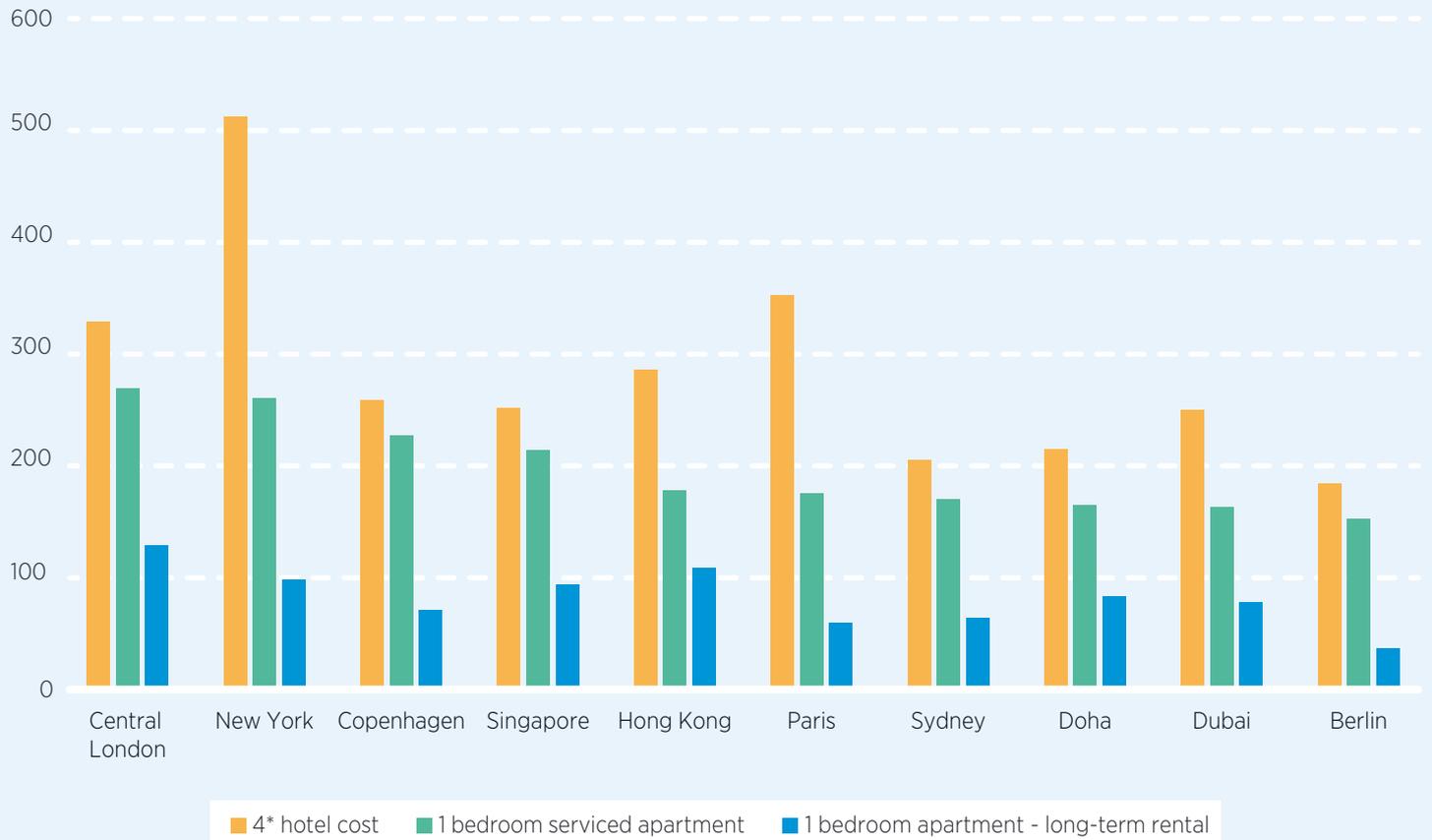
Short-term accommodation

Short-term assignments of between one and 12 months are becoming increasingly common, with nearly three quarters of employers expecting to see a rise in the number of these assignments in the next three years. Monitoring and controlling costs are high priorities for employers operating short-term assignments and making the right accommodation choices will help determine their success.

Almost all companies cover the full cost of housing for short-term assignments. Short-term leases on rental properties are not available in many locations, in which case companies need to seek alternative solutions. For assignments lasting up to six months, a serviced apartment is the most common type of housing provided, preferable to hotels as they not only tend to be cheaper but are typically larger and contain living areas including a kitchen. Still, almost a third of companies use hotels to house employees on assignments lasting up to six months. Many companies are flexible and use more than one approach depending on availability, cost and other factors. For assignments lasting longer than six months, it is more common to provide a rented furnished apartment or house, but over half of companies still sometimes provide a serviced apartment.

Companies may also house long-term assignees in short-term accommodation at the start of their assignment if their long-term home is not ready for occupation, perhaps because they are waiting for their shipped furniture to arrive. This scenario may prove impractical for assignees accompanied by their families as serviced properties with more than two bedrooms are rare in most markets. Short-term rental platforms such as Airbnb are therefore emerging as rivals to serviced accommodation providers as they can potentially offer properties with a larger number of bedrooms, often at a cheaper cost.

Comparison of accommodation costs - USD per day





Education & childcare

Average tuition fees for international schools are rising at a rate higher than inflation in many locations, while the cost of care for pre-school children is a concern for the growing number of single parents and couples with dual careers going on assignment. The costs can be significant for employers seeking to reassure assignees about the quality of education or care their children will receive in the host location.

Education

Issues relating to children and in particular concerns about their education are cited by more than half of employers as a barrier when recruiting staff for international assignments. Unsurprisingly, educational assistance for dependent children therefore forms a crucial element of most long-term international assignment packages, with 80% of organisations willing to assist with these costs.

When selecting a school for expatriate children, the primary factors their parents and employers consider are the standard of education provided, the ease of reintegration into the home country system at the end of the assignment and the language in which classes are taught. Generally this will point to an international school, as they enable children to study in a multilingual environment towards internationally recognised qualifications.

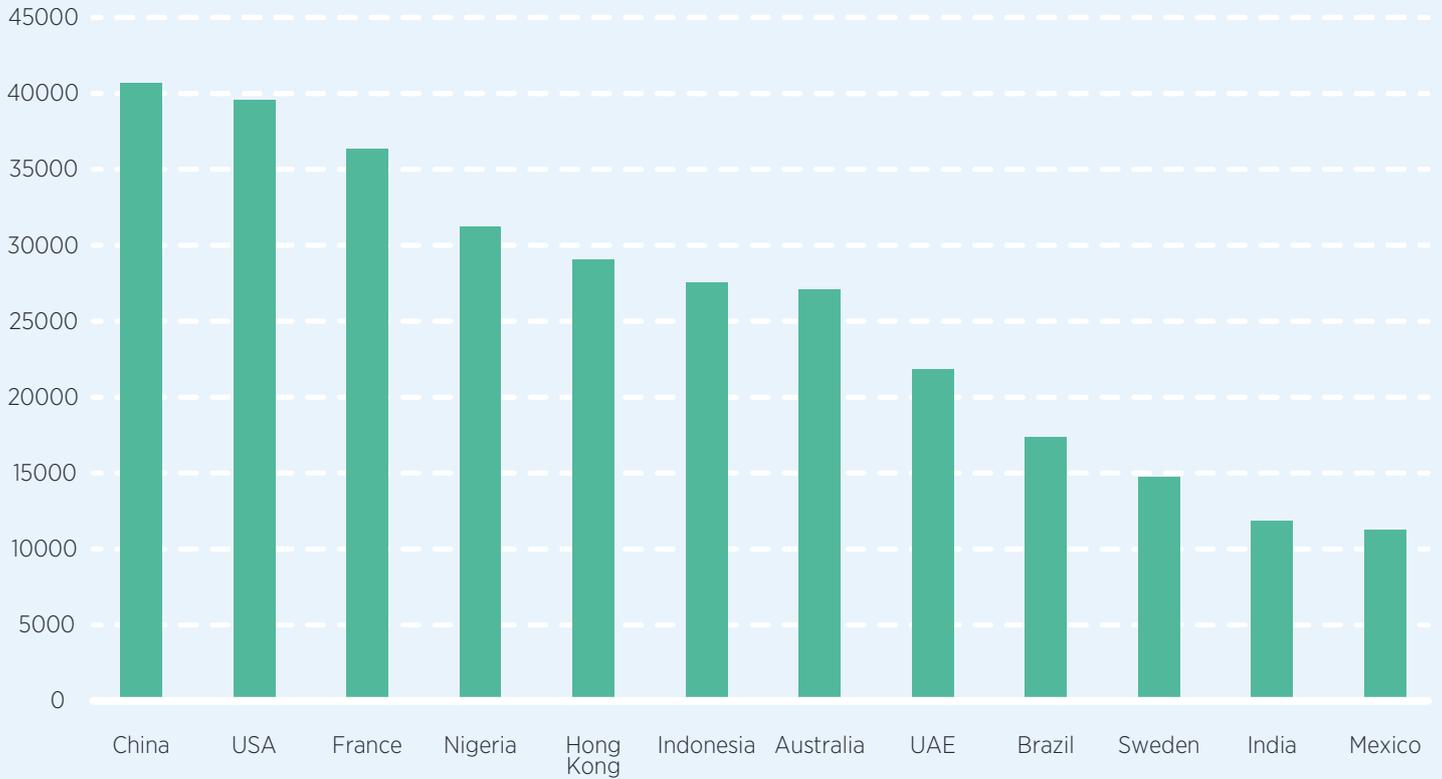
The tuition fees charged by such schools, and therefore the cost to the company, can be significant, particularly if there is more than one child to provide for (see chart opposite). Traditionally only attended by expatriates and more affluent local families, in many locations international schools have become more accessible to the growing local middle classes, increasing the competition for places and causing fees to rise significantly each year.

Tuition fees are not the only costs associated with children's education. Many schools have several additional fees, funds and levies that are payable, which all add to the overall cost. The chart opposite shows the extent to which companies who offer assistance with education will cover these costs on behalf of their assignees.

Given the pressure global mobility teams are under to improve the cost-effectiveness of international assignments you might expect more companies to insist on assignees using free state schools rather than costly international ones. However, only 30% do so and even then only when the school is considered accessible and suitable. Companies have to be realistic; even where local schools are of a good standard and there is no language barrier, competition for places and strict admission criteria may make it difficult in practice for a newly arrived foreign child to attend.

Sometimes it is not appropriate for children to accompany one or both parents on assignment due to safety concerns, the lack of a suitable school in the host location or because the child is at a critical stage of their education. In this case 16% of companies provide educational assistance in the home country, commonly in a boarding school if both parents are on assignment.

International secondary school tuition fees - USD per annum



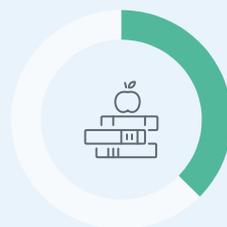
Additional education costs covered



Registration fees
97%



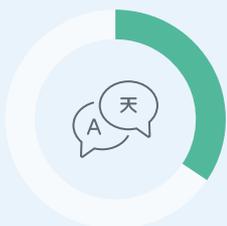
Examinations
63%



Books & materials
37%



Travel
34%



Language tuition
34%



Boarding
26%



Uniforms
26%



Debentures
19%

Childcare

Concerns about a partner's career have long been an issue when recruiting employees for international assignments. However, changes in government legislation in many jurisdictions and active efforts from companies to support dual careers mean that more accompanying partners are able to work themselves while their partner is on assignment. Alongside an increase in single-parent families being sent on assignment, this means that more assignees must now pay for childcare in the host country.

Currently only 19% of companies provide some form of assistance with childcare for children below mandatory school age, although this proportion is expected to grow. Of those companies, all will cover nursery fees but just 9% will cover the cost of other childcare providers such as nannies or childminders. Companies should be aware that nurseries meeting the needs of expatriates are not available in many countries and consider a more flexible approach. In countries like Hong Kong, China, Turkey and South Korea, for example, it is far more common for expatriates to rely on childcare providers to look after their children.

Approximately half of companies that provide assistance with childcare do so only in certain situations. It is common for companies to make a decision based on the individual circumstances of the assignment, such as the child's age, the availability of suitable childcare in the host location, whether it was required prior to the assignment and whether both parents are working.

Nursery fees vary significantly around the world depending on demand and supply, opening hours and government subsidies. The United States tops our rankings with an average annual fee of USD 35 431. In some locations, however, generous subsidies offset the price of childcare (in Sweden for example the cost of full-time care for a one year old is capped at SEK 1 425 (USD 152) per month). Although subsidising childcare costs has obvious benefits it can lead to a fall in supply as less investment is ploughed into the sector, so expatriates moving to heavily subsidised locations may be faced with long waiting lists.

Most expensive nursery fees



USA



Switzerland



UK



Netherlands



Australia



Singapore



Canada



Japan



Russia



UAE



Transport

How the assignee will travel to work and more generally in the host location has an important role in ensuring a stress-free transition and a successful assignment. Local practice, driving conditions and the quality of public transport are just some of the factors to be considered when deciding appropriate transport provision for mobile employees.

Cars

More than three-quarters of companies provide either a car benefit or car allowance for their international assignees, subject to qualifying conditions. Deciding whether to provide a car benefit for assignees is complex, as so many different factors are involved.

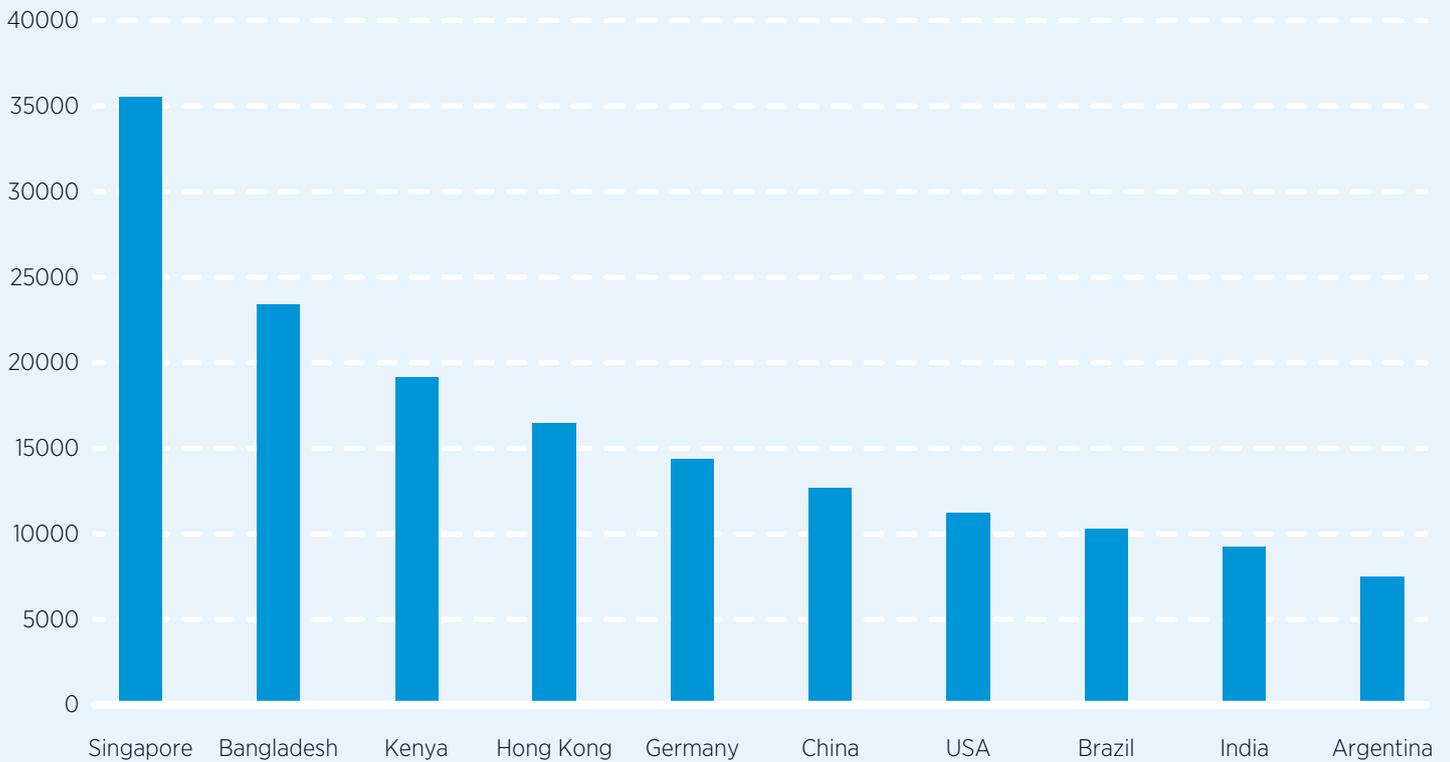
The most common factor considered is personal security, closely followed by the quality of public transport, local driving standards and road safety. The assignee's job role and location of the workplace are also frequently considered, but the actual cost of providing the car benefit is far less important, taken into account by only 16% of companies.

In addition to the car itself, companies may cover other motoring costs, as the graphic opposite shows. Insurance, maintenance costs, fuel and road tax are commonly covered but paying for drivers, road tolls, congestion charges and parking fees is less common. Drivers are more likely to be provided in countries where local driving practices or security considerations mean it is unsafe for expatriates to drive themselves, or where it is considered common practice at certain levels of seniority. Drivers are provided to expatriates in India and Indonesia, for example, by more than half of companies.

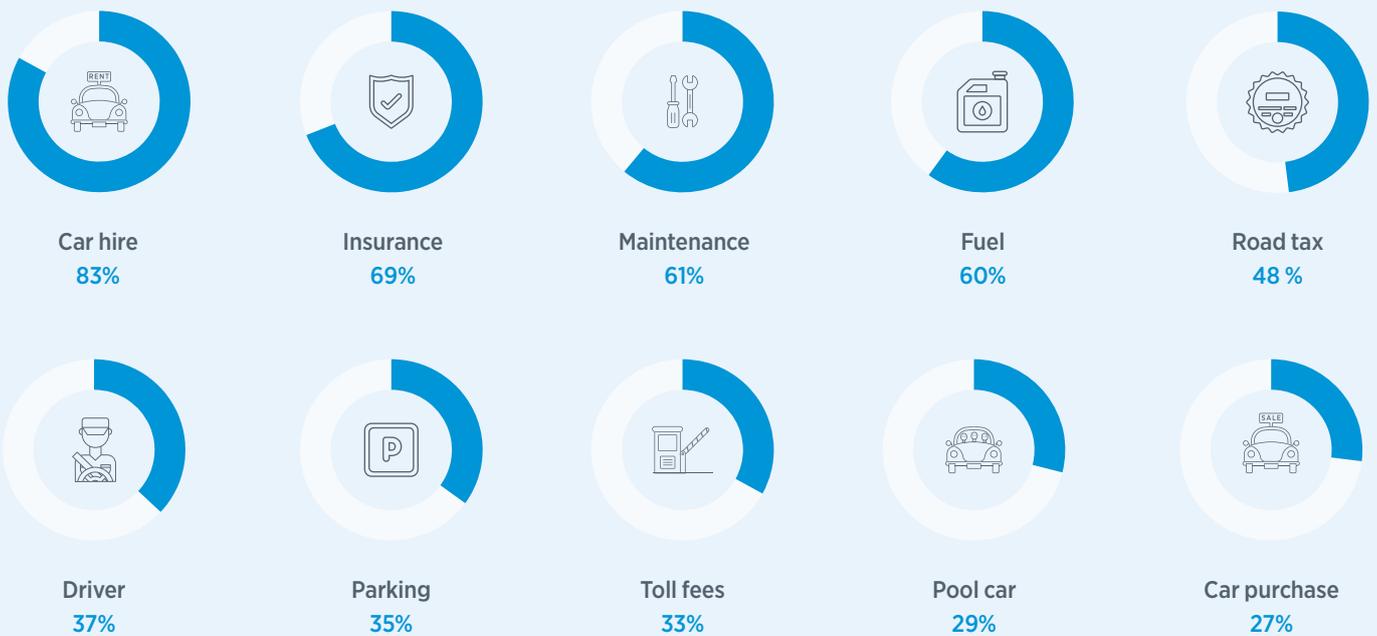
The majority of companies that provide a company car do so in accordance with the organisation's host country policy, providing equity with local colleagues of a similar seniority to the assignee. However, complications can arise if the assignee is not entitled to a car in the host country but previously received one at home. If a company car is provided in the home country but not in the host country almost half of employers will compensate the assignee for the loss in some way, usually by paying a cash allowance. An alternative approach is to include the cash value of the home car benefit in the notional home salary if assignment pay is calculated using the build-up (home-based) approach.

By far the most common method of providing a car is to cover the cost of leasing or contract hire, with 83% of companies providing a car benefit using this method. A less popular option, provided by just over a quarter of companies, is to assist with purchasing a car for the assignee to use in the host location. In some locations this is not a viable option due to restricted availability. In Cuba, for example, imported cars are very limited in number and subject to drastic price mark-ups.

Recommended car allowances - USD per annum



Items covered by car benefit policy



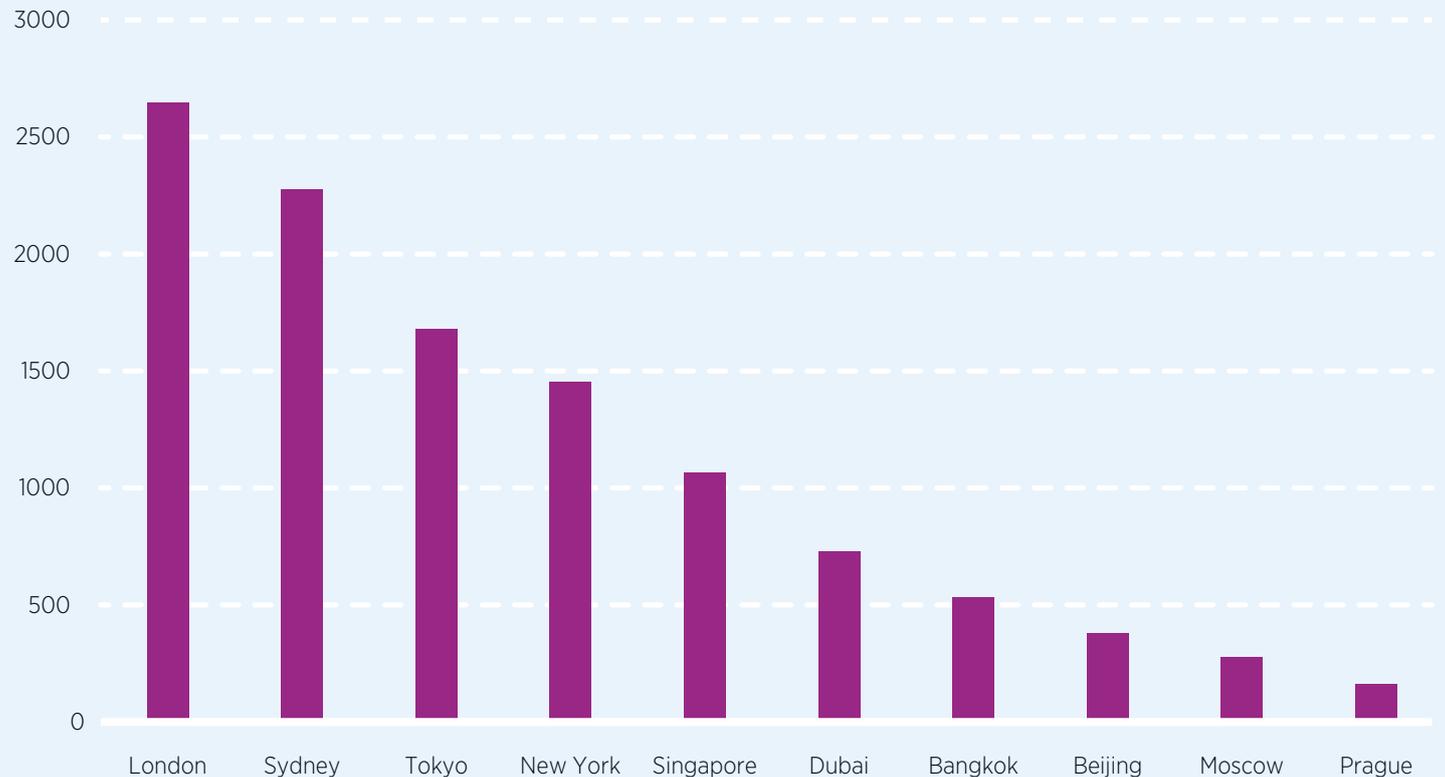
Public transport

Public transport benefits are less commonly provided than car benefits and typically only where local public transport is of a suitable standard. In Hong Kong, for example, public transport is well developed, clean and efficient and is probably a better option than driving for most people.

37% of companies provide a public transport allowance for assignees in certain situations. Provision tends to vary from country to country and city to city, and only a minority of companies provide this benefit for all their assignees. More typically companies will consider whether public transport in the host country is safe to use, of a suitable standard and whether this benefit is commonly given to local staff in the assignment location.

In certain locations annual, monthly and/or weekly travel passes are available which work out to be cheaper than daily tickets and can substantially reduce the cost of providing this benefit. The price of these travel passes often varies depending on the means of transport and the geographic zones covered. The chart below shows the cost of travelling by public transport for one year in selected cities around the world using a travel pass where possible or two single tickets per day if not.

Public transport costs - USD per annum





Medical

The quality of medical care available in the host location is a major concern for potential assignees, particularly those who will be accompanied by their family. Providing a suitable medical plan can promote mobility and aid well-being by alleviating these concerns.

Medical care

Access to comprehensive medical care is an essential consideration for those planning a life abroad. The provision of private medical insurance by employers can help allay concerns about the risks of moving to another country. This is why medical insurance is provided by 90% of companies with 72% always providing cover and a further 18% generally providing it with a few exceptions. 88% of those providing medical insurance extend the coverage to include the assignee's partner and 87% extend it to cover dependent children – which further shows how important health coverage for the entire family is to assignees.

The quality and availability of healthcare varies significantly around the world. To provide consistent protection most companies (65%) will provide an international based insurance plan which is specifically geared to the issues and challenges associated with international assignments, ensuring all assignees receive the same range of medical services regardless of their location.

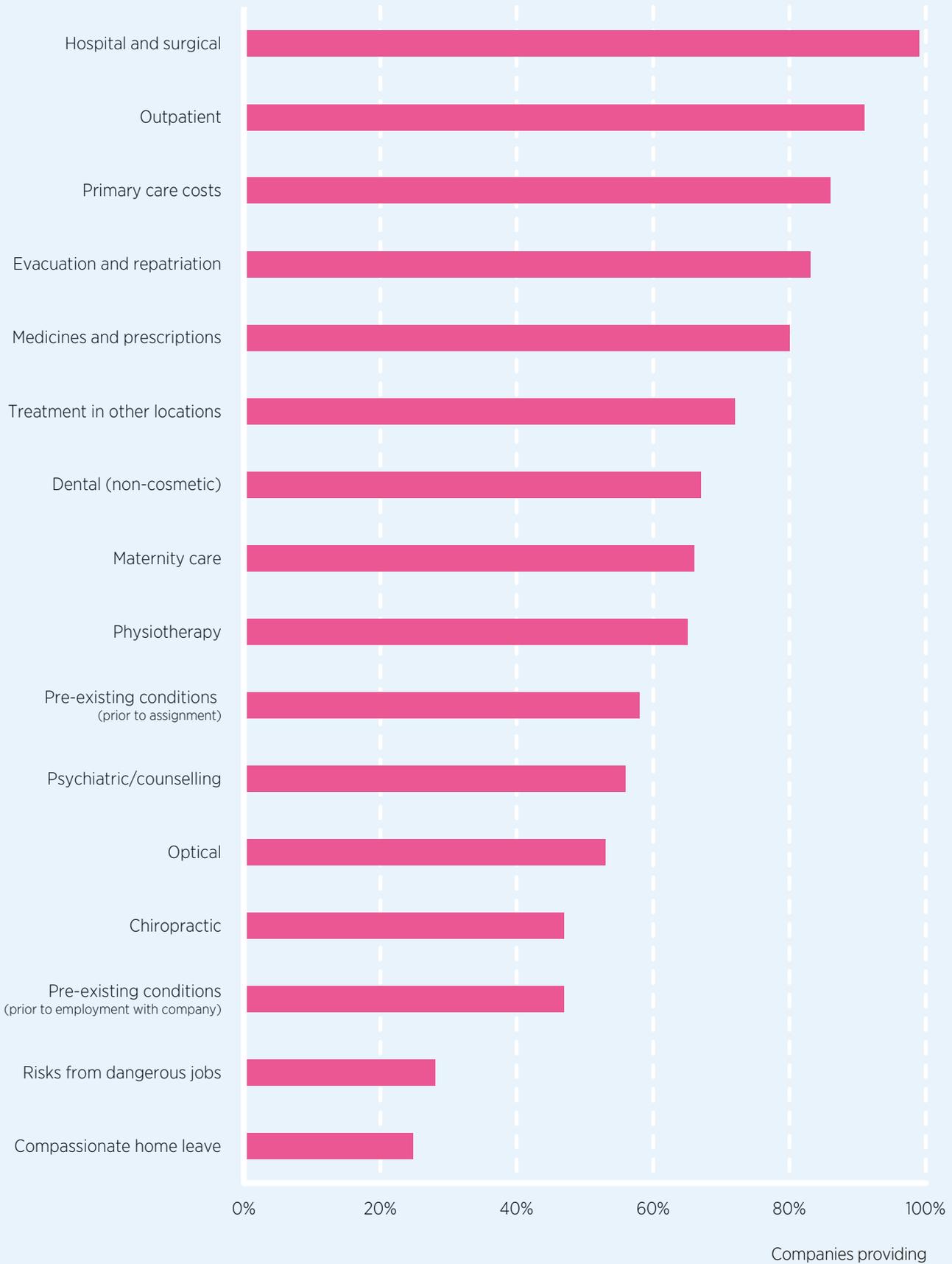
Other approaches used by a minority of companies include replicating the home company scheme on assignment (8%), providing an existing host country company scheme (8%) and remaining in the home country scheme (7%). Just 1% self-insure, but 11% have more than one approach depending on specific circumstances – such as the prevailing host country practice.

In countries where assignees have access to state medical services that are of a comparable or superior standard to those in their home country, it may be considered unnecessary to provide additional private insurance. However, three-quarters of companies still provide insurance in this case, perhaps to ensure assignee equity and more consistent or quicker access to medical care.

Assignees on local or local-plus packages are less likely to receive international medical insurance as they would typically receive the same benefits as local nationals.

Most organisations do not expect an assignee contribution to the cost of the premium. 81% of organisations providing medical insurance pay 100% of the premium on behalf of the employee, with a further 10% paying 75-95%. Just 4% pay less than 50% of the premium.

Items included in medical plan



Regional differences in medical provision

Americas



In the USA medical insurance is very expensive and coverage there is excluded from some international plans. This can lead to organisations with assignees in the country using host country private insurance plans rather than their usual international plan to provide adequate cover. Also, American headquartered organisations are less likely to cover the entire cost of the premium – with just 58% reporting that they cover 100% – perhaps because their American employees are used to contributing to this cost.

Asia



Home country medical plans are more common among Asian headquartered companies than those from other regions. Among the reasons for this is that often existing policies will provide some cover abroad as part of the plan and the employee may be able to receive advice remotely from home-country doctors in their own language. Furthermore, with assignees from Asian companies more likely to be unaccompanied, their dependants in the home country will want to retain their existing cover, further increasing the appeal of using the home country plan in this region.

Europe



All citizens in the European Economic Area moving within the bloc can access the same health care as local nationals if they have a European Health Insurance Card. As this is easily available and quality of care in most of the region is good by international standards some companies will not provide any extra support to their assignees while others will also offer access to any additional insurance that is available to the local workforce rather than an international scheme. This is not a common approach though as it does not guarantee the same level of cover as in the home country and there can be issues if some pre-existing conditions are not covered by the extra insurance.



Flights

Most international assignments begin and end with an international flight and trips home in between are also common. Flights can contribute significantly to the overall costs of a mobility programme, so a well-defined policy is essential and many companies have altered their policies in recent years to reduce costs in this area.

Home leave travel

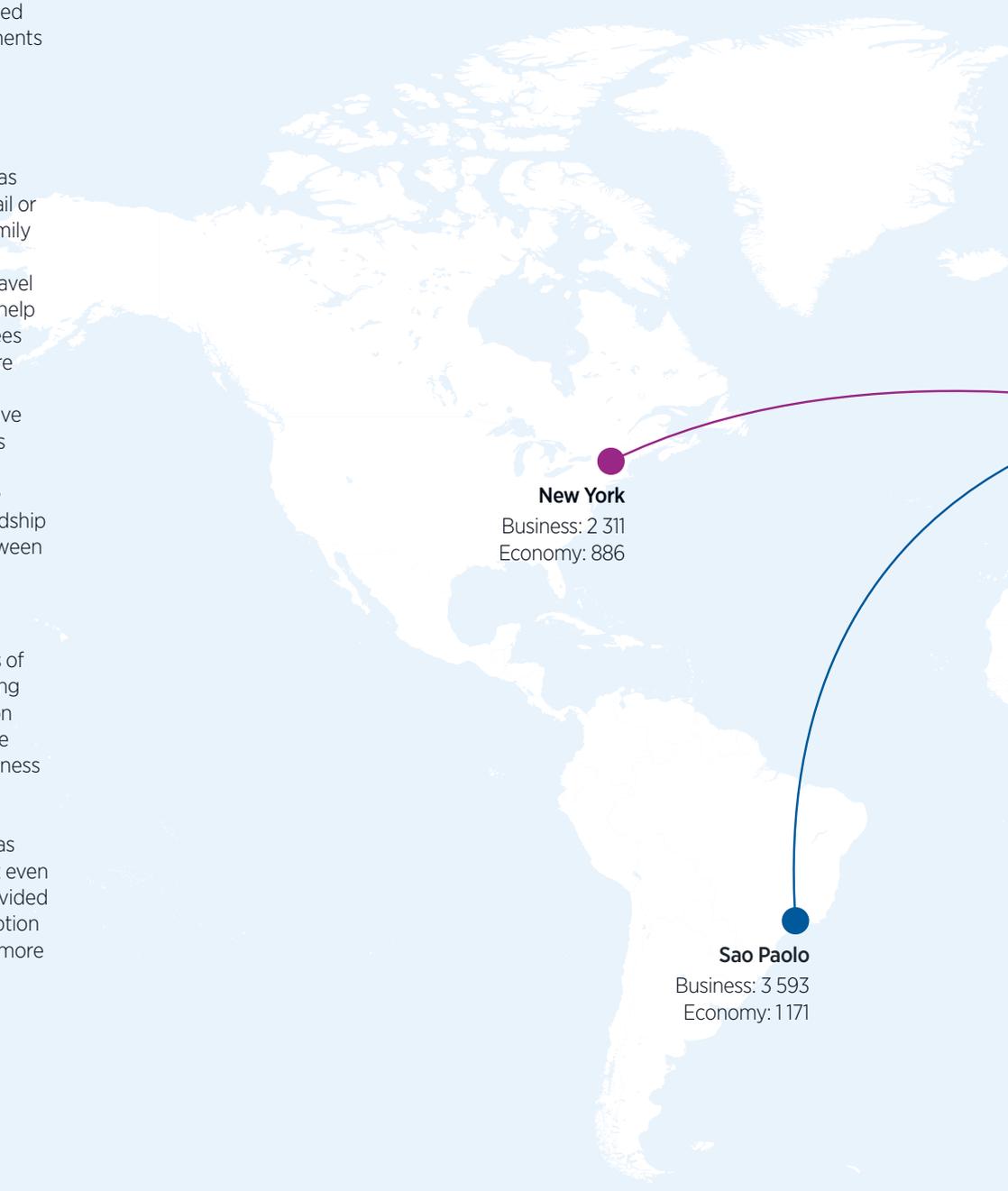
Almost all companies cover the cost of return trips home for their long-term international assignees so that they can visit their family and friends, check in with their company and colleagues in the home country entity or simply enjoy their annual leave in their home country. Just over 60% of companies also provide home leave travel for their short-term assignees.

While half of companies provide a fixed number of trips home for all their assignees, the remainder vary the number provided according to the specific details of the assignment, and this proportion is increasing. Companies are building more flexibility into their policies to cater for increasingly varied mobility scenarios, such as more assignments where partners and dependent children remain at home.

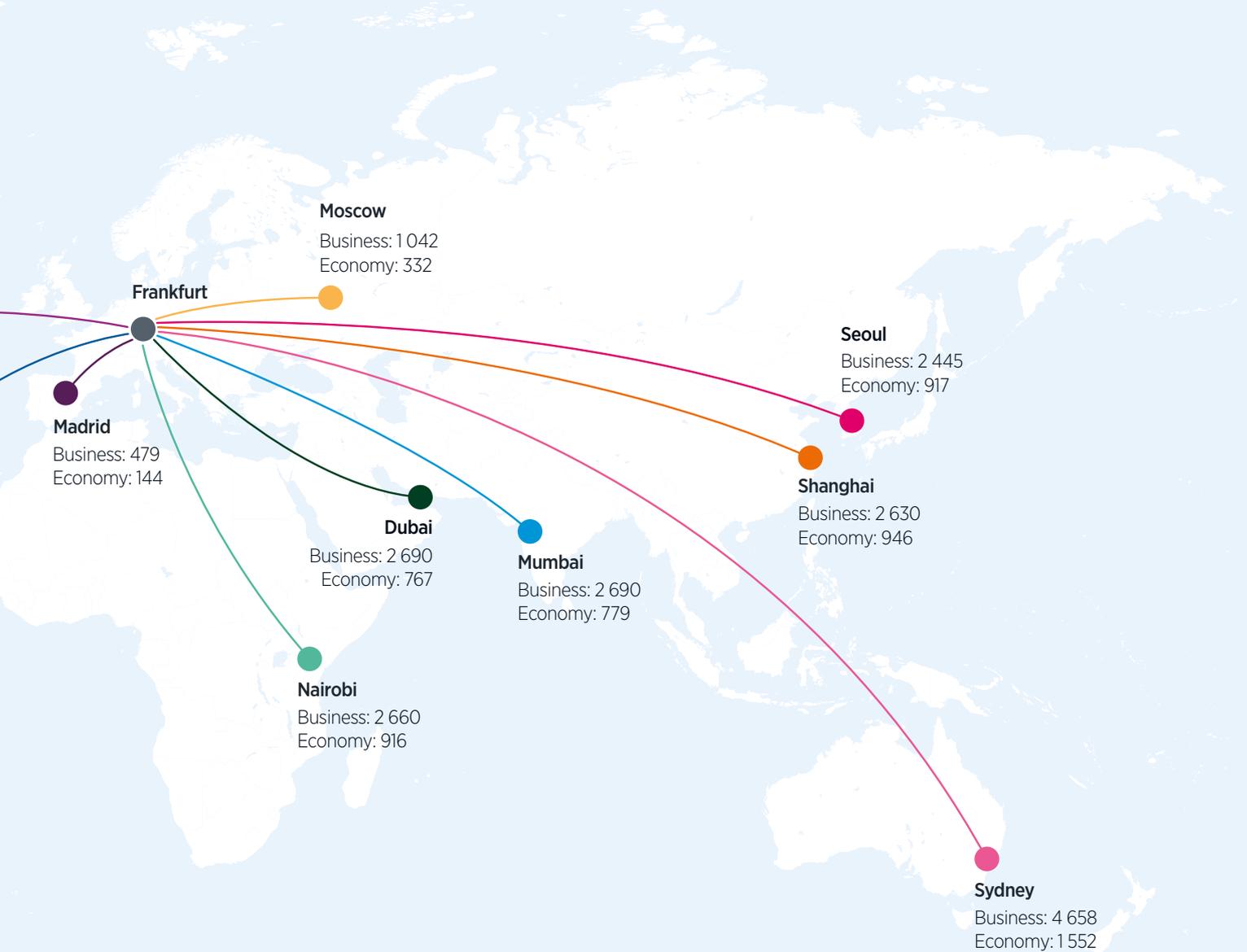
Issues relating to partners' careers and children's education are frequently cited as reasons why international assignments fail or are rejected in the first place, but split-family scenarios also have obvious drawbacks. Enabling unaccompanied assignees to travel home to see their family more often can help to alleviate some of these issues. Assignees who are accompanied by their families are typically granted one trip home per year whereas unaccompanied assignees receive two to four. Other factors that companies sometimes consider when deciding how many home leave trips to provide are the length of the assignment, the level of hardship in the host location and the distance between the home and host countries.

With many global mobility teams under pressure to find ways to reduce the costs of international assignments, it is unsurprising that the number of companies insisting on economy class being used for home leave travel is increasing at the expense of business class travel. The difference in cost can be considerable, as the graphic here shows. Business class becomes more prevalent as seniority and flight duration increase, but even so economy class is more commonly provided for assignees on all flights, with the exception being senior managers on flights lasting more than eight hours.

Most companies cover the cost of home leave travel by either reimbursing the assignee or paying for the flights directly. Home leave flights can be provided tax-free in many jurisdictions so this may be a cost-effective way of providing the benefit, but on the other hand the administration involved can be significant for organisations with a large assignee population. While currently only 15% of companies provide an allowance to cover assignee home leave costs, an increasing number are considering introducing one in order to reduce administration costs and provide more flexibility to assignees.



Economy and business class return flights from Frankfurt, Germany - USD



92%

of companies provide home leave trips
for their international assignees

How to buy ECA's benefits data

ECA offers a range of products and services to help you manage benefits provision for your mobile employees. A subscription to ECA data provides continuous online access to the latest accommodation, education and transport data and other services are available on demand. Get in touch to discuss the best options for your organisation.

Accommodation

Our comprehensive and reliable accommodation data provides the information and flexibility you need to manage your assignee housing fairly and cost-effectively.

- Rental prices for different standards and sizes of housing so you can tier your policy for different seniorities and family sizes.
- Information about market conditions, types of accommodation available, rental trends and costs within popular expatriate districts.
- Interactive maps showing location of expatriate neighbourhoods, international schools and other facilities.
- Details of associated costs including service charges, utilities and municipal taxes.
- Explanations of conventions in tenancy agreements including deposits, break clauses and typical lease lengths.
- Prices for short-term accommodation options.

Education

ECA's Education Reports draw on ECA's global expertise, local knowledge and extensive database of suitable schools and nurseries to enable you to assess the cost of schooling and childcare for expatriate children.

- Search for schools according to location, child's age, curriculum and language of instruction.
- See detailed breakdowns of fees and information for each school.
- View the costs of nurseries and childcare providers for pre-school children.
- Understand best practice relating to education and childcare for children accompanying their parents on international assignment.

Transport

ECA's Transport Reports provide everything you need to assess the cost of providing cars and public transport benefits for globally mobile employees.

- Annual car allowances and new car prices.
- Figures for insurance, road tax, drivers and other motoring costs.
- Driving license and insurance regulations.
- Public transport travel-pass costs and individual bus, taxi and metro fares.
- Detailed market practice.

Cost estimates

Cost estimates can be run quickly and easily with ECAEnterprise, our assignment management system that contains data for all the benefits covered in this report and more. Subscribe to the tool or request individual calculations through our Consultancy and Advisory service.

Benefits for International Assignments Survey

Benchmark and review your assignee benefit policy based on trends and best practice in the industry, as revealed by our comprehensive and in-depth survey.

This report covers the determination and delivery of the following benefits for long-term assignees:

- Leave entitlement and home leave travel
- Medical insurance and care
- Education and childcare
- Transport and cars
- Housing
- Utilities
- Partner support
- Tax assistance
- Domestic help
- Sports and social clubs

Benefits practice for other types of international assignment such as short-term assignments, permanent transfers and international commuters are covered in other surveys available to buy through our website.

Further data and services available from ECA

Data



All the data you need for salary calculations, benchmarking, budgeting and planning for any location you require.

Calculations and reports available on demand

Individual reports	Calculations
Accommodation	Assignment Salary (Build-up)
Country Profiles	Assignment Cost Projections
Daily Rates	Location Allowance
Salary Trends Survey	Net-to-Net
Tax	Short-term Assignment
	Tax

Online data and tools available by subscription

Reports	Quick tools	Calculators & tools
Accommodation	Accommodation	Accommodation
Cost of Living	Cost of Living	Build-up
Country Profiles	Exchange Rates	Cost of Living
Country Security	Inflation	Daily Rates
Daily Rates	Location Allowance	Expatriate Services
Education	Tax	Location Allowance
Expatriate Market Pay		Net-to-Net
Labour Law		National Salary Comparison
Location Ratings		Report Builder
Social Security		Remote Allowance
Tax		Short-term Allowance
Transport		Tax

Software



Optimise your global mobility programme with ECAEnterprise - the assignment management system that integrates processes, calculations and interfaces to deliver successful international assignments from start to finish.

- ✓ **Security:** We hold ISO 27001 certification - you can be sure your data is safe with us
- ✓ **Time savings:** More time for value-added activities thanks to quick package and document generation and hassle-free data updates
- ✓ **Efficiency:** Automation streamlines processes and reduces error rate
- ✓ **Insight:** Transparent reporting identifies potential improvements and cost savings, raising the global mobility team's profile
- ✓ **Compliance:** Automated reminders support tax and immigration compliance and systematic policy application enforces consistency
- ✓ **Simplicity:** A single system providing quick access to all key data

Consultancy



Expertise and support for all your international assignment needs - from policy design to expatriate communications. Our services include:

- Policy review and design
- Assignment cost projections
- Assignment salary calculations
- Policy and salary benchmarking
- Stakeholder surveys and communications
- Cost and remuneration modelling
- Policy workshops
- Assignment letter templates
- Assignee and HR checklists
- Decision maps and process flows
- Customised data

Training



ECA's renowned classroom courses are led by our experts and can be tailored to run for your team in-house.

Surveys



Take part in selected surveys and get the results free. Reports covering many aspects of global mobility management are available to buy online.

- Benefits for International Assignments Survey
- Expatriate Salary Management Survey
- Global Mobility Organisation Survey
- International Business Trips Survey
- International Commuters Survey
- International Rotators Survey
- Localisation Survey
- Managing Mobility Survey
- Permanent Transfers Survey
- Short-term Assignments Survey

About this report

ECA's Global Perspectives give insight into the issues surrounding pay and benefits for globally mobile employees, using ECA data to demonstrate trends and developments.

This report provides an overview of best practice regarding the benefits most commonly included in international assignment packages and the costs of providing them, based on data from ECA's annual surveys. Detailed Accommodation, Education and Transport reports are available from ECA as part of a subscription.

Other Global Perspectives available to download from ECA's website include:

- Cost of Living
- International Business Trips
- National Salary Comparison
- Location Ratings
- Tax and Social Security

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Who we are

ECA International is the market-leading provider of knowledge, information and technology enabling businesses to manage their international reward programmes.

Partnering with thousands of clients on every continent, we provide a fully-integrated suite of quality data, specialist software, consultancy and training. Our unparalleled insights guide clients as they mobilise their most valuable resource: people.

We make the complex world of international mobility simple, providing clients with the expertise and support they need to make the right decisions - every time.

ECA International: Mobility solutions for a world that's constantly moving.

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