



## TenStep Supplemental Paper

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### Expats Localized

International assignments are important for a global company; however, expatriate postings dig deep into an organization's pockets. Localization can help keep this spending in check. Expatriates engaged in overdrawn and insignificant assignments can be localized without compromising work or comfort levels.

#### The concept

There are many HR issues involved in the transition from a foreign land to a host country. Allowances, benefits, pension schemes, tax laws, health care plans, etc. need great attention. Planned, systematic and proactive localization can help solve these issues.

#### Timing the move

Companies that mention localization as a possibility in their expatriate assignment contract face fewer hindrances during the transition. The various provisions that come with localization should also be mentioned.

#### Issues of concern

- **Pension.** Expats are eager to know how their pension and retirement entitlements might change. While it is difficult to integrate pension benefits across geographical boundaries, companies can adopt integrated umbrella plans. Under such plans, the host company pays the difference between the patchwork of pension plans and the entitled pension.
- **Pay, perquisites and taxes.** The salary and tax structure should be in line with local standards. Allowances may be wound up in phases.

Companies can also offer to pay employees' taxes as equalization allowances for expats. In addition, HR should assist expats by making them aware of the procedures and processes involved in tax filing and recommend tax advisers for their future needs.

#### Summary

Localization brings down transition costs one and a half times while maximizing ROI on an expat. Hence, it is the best option for companies that want to retain their intellectual capital without spending on rehiring talent.