



Glossary of Terms for International Workforce Mobility

Acculturation: The process of adapting to a new culture.

Actual Tax: The amount of home country income tax for which the employee is liable, it includes taxes on all income taxable under the employee's home country tax regulations.

Advance Trip: See Pre-Assignment Trip.

Affidavit: A sworn statement in writing before an official, usually a notary.

Allowances/Incentives: Payments made, separate from base salary, to recognize the demands of moving the employee and their family from the home location to the host location. Allowances/incentives are intended to cover either specific items such as separation from family and friends, difficult living conditions or hardships or to cover items not otherwise covered within the policy such as miscellaneous expenses. Allowances/incentives may include:

- Appliance allowance
- Automobiles/transportation allowance
- Assignment bonus
- Clothing allowance
- Club membership
- Dependent children's education/tuition reimbursement
- Goods and services differential/cost-of-living allowance
- Foreign service premium
- Furniture and furnishings allowance
- Hardship allowance/hazard pay/location premium
- Home sale allowance
- Host housing allowance
- Miscellaneous expense allowance
- Relocation allowance
- Position allowance
- Spousal/partner assistance allowance

Annual Leave: See Home Leave.

APAC: Refers to the Asia Pacific region.



Appliance Allowance: An allowance or reimbursement that enables the employee to purchase or rent required appliances that are not provided in the host location permanent housing. The allowance or reimbursement may also include conversion equipment that will allow the home appliances to work in the host location due to the wattage differences.

Assessment and Selection: During candidate selection, an employee, their spouse/partner and dependents may be asked to undergo an assessment which may review their technical abilities, adaptability, cultural values, work styles, cultural sensitivity and awareness. The results are used to assist the employee and company in determining if the assignment will likely be successful. The assessment may be completed by the company or by an external provider. Also referred to as Candidate Selection.

Assignee: Within the mobility industry, defined as an employee who is living and working at the request of their company on a temporary basis in a country other than their home country of employment origin. Also referred to as Expatriate, Seconded and Transferee.

Assignment: The relocation of an employee to a host location to fulfill a specific business need for a specific period of time.

Assignment Letter: A document prepared in advance of the employee's assignment/relocation date to specify the details of the assignment. This may include home location, host location, length of assignment, compensation, relocation benefits and tax treatment. Also referred to as Letter of Assignment, Letter of Understanding, and Terms of Assignment.

Assignment Location: See Host Location.

Assimilation/Adaptation: The process by which the employee and family fully integrates themselves into the host country social, living and working conditions.

Australasia: The region of Oceania which includes New Zealand, Australia, Papua New Guinea, and neighboring islands in the Pacific Ocean.

Automobile: Home: Reimbursement of or an allowance for the reasonable costs associated with the sale or termination of the lease of a home country automobile. Also referred to as Loss on Sale of Home Automobile.

Automobile: Host: An allowance, leased automobile or driver may be provided to assist the employee in securing transportation in the host location.

Balance Sheet: A document which outlines the compensation elements of relocating the employee from the home to the host location based on the company's assignment policy. It takes into consideration tax equalization, housing, goods and services, and assignment allowances between the home and host locations. The general purpose of the Balance Sheet is to aid the employee in understanding they will neither gain nor lose compensation as a result of taking the assignment.

Base Salary: Regular home country base salary excluding incentives, bonuses and any other performance-related compensation elements. It is the amount upon which future salary adjustments are calculated.



Benchmarking: The process of evaluation that comes from comparing a series of measures or key criteria.

Birth Certificate: The legally recorded confirmation of birth, generally required to obtain a passport, visa, work permit or school entry.

Bonus: Performance or merit related salary/compensation.

Business Trip: A trip between the home and host location to attend meetings, for professional development, complete a defined task, goal or project. The length of stay during each trip is typically a few days to a few weeks and typically the employee would be provided hotel accommodations and be reimbursed actual out-of-pocket costs or receive a daily per diem. The employee must comply with all host country visa regulations and tax regulations.

Candidate Assessment: See Assessment and Selection.

Career Assignees: Employees who during a portion of their career, move from one international assignment to another without returning to their home country. Also referred to as Career Expatriates or Global Nomads.

Career Counseling: Career counseling/search services provided by career counseling firms for items such as resume preparation, individual counseling in the host location and upon return to the home location. Services are for the spouse/partner or a returning expatriate who will no longer be employed by the company.

Career Development: Upon consideration or acceptance of a transfer/assignment, identifying an employee's long-term career opportunities and skill development. This will assist the employee in returning to a position in the home location upon the completion of the assignment or progressing to other positions within the company.

Career Expatriates: See Career Assignees.

Certificate of Coverage: A form that is completed and submitted to the home country government to eliminate dual social tax coverage. This occurs when the employee is required to pay social taxes, together with the employer, to both the home and host country on the same earnings. The Certificate of Coverage assigns coverage to just the home country and exempts the employer and employee from paying social taxes in the host country. Also referred to as Totalization Agreements.

Children's Education: See Dependent Education.

Closing Costs: Expenses, fees, commissions, taxes, and other related costs payable in relation to the sale of the employee's home country residence.

Clothing Allowance: An allowance provided to employees transferring from a warm climate to a cold climate who may not own cold weather clothing. The Cost of Living Allowance should be reviewed to determine if clothing has already been taken into consideration.



Clubs: In locations with limited diversity and social opportunities, the cost of basic membership (initiation and membership dues) into a private club may be provided for the employee and their family.

Commodities and Services Differential (C&S): See Cost-of-living Allowance.

Communications Plan: The identification by the company of the information to be relayed and the recipients of the information. Typical communication plans will introduce a new policy and/or modifications to a current assignment transfer policy to current employees, human resources, finance department, the tax provider, service providers, etc.

Commuter Assignment: A work assignment projected to last short term or long term. Employee commutes between the home country and the host country to complete a defined business objective. The primary residence and family remain in the home country. Typical return trips home can be weekly or monthly depending on the assignment length and distance between the home and host locations.

Compassionate Leave: Provided when the employee and their dependent family members require assistance to return to the home location in the event of the death of an immediate family member in the home location or the death of the employee or dependent family member in the host location. Based on the situation, companies may provide airfare, per diems and lodging.

Compensation: The total pre-tax wages received by an employee from an employer for work completed in a specified accounting period.

Completion Bonus: A payment to the employee as a reward upon the completion of the defined

business goals set for the assignment/transfer. Typically paid upon approval to end the assignment has been met and/or the repatriation has been agreed upon by the company and the employee.

Consulting Services: Services provided by consulting firms and third party providers which may include but are not limited to providing services to the company on their mobility program through policy reviews, policy writings, and preparation of benchmarks, industry trends, cost savings, special projects and a wide variety of mobility issues.

Contracts: Binding agreements between two or more parties. For international assignments, a company may have contracts with their mobility services provider, destination service providers, tax provider, immigration provider, etc.

Corporate Culture: The beliefs, values, and shared attitudes of people working in the same company.

Corporate Housing: See Temporary Accommodations.

Co-sourcing: See Outsourcing.

Cost Containment: The process of managing, maintaining and containing costs at a defined level.



Cost Estimate: A detailed estimate of the expected total costs necessary to send an employee to a specific host location for a determined period, generally including salary, allowances, housing, tax, relocation and other assignment-related costs. Also referred to as Cost Projection.

Cost of Living: The costs of a defined market basket of goods and services required for living in a specific location. Governments will normally produce statistics tracking the spending of income on the market basket of goods and services to identify spending patterns and how income is allocated by individuals in that country. A data provider will analyze the government reports as well as collect survey/shopping data to determine cost of living indexes to assist in the determination of the Cost of Living Allowances (COLA)

Cost-of-living Allowance (COLA): An allowance or differential paid to the employee to provide approximately the same goods and services purchasing power in the host location that they have in the home location based on their family size and salary level. The COLA is intended to cover the excess cost to purchase the host country market basket of goods and services over the home country goods and services. Also referred to as Goods and Services Differential (G&S), Commodities and Services Differential (C&S).

Cost-of-living Index: The costs of goods and services in the host country divided by the cost of goods and services in the home country provides the Goods and Services Index or the cost-of-living index. Specifically, it is the cost for the employee in the host country to purchase the same goods in the home country, where the home country costs are expressed as 100 percent. For example, an index of 120 means the cost of the market basket of goods in the host country is 20 percent higher than those in the home country. When the index exceeds 100 it is positive (meaning the host location costs more) and when it is less than 100, the host location is negative (meaning the host location costs less).

Cost Projection: See Cost Estimate.

Counseling for Employee and Family: Generally a short-term counseling program provided by an outside service company that is designed for families relocating to a foreign location to deal with family support issues or other personal issues relating to their relocation. Also referred to as Employee Assistance Program.

Cross-Border Assignment: The temporary assignment of an employee for a period of time from their home country to a host country to fill a skill gap or to minimize costs. Cross border assignments are often undertaken for specific projects, consulting engagements, etc. Dependent family members generally do not accompany the employee.

Cross-Cultural Training Services: Firms providing orientation and training programs for employees and their families to familiarize them with living and working effectively in a particular culture. Programs may be focused on a specific foreign location or may be a generic overview about transferring between cultures. Typical program content includes: comparing and contrasting value systems and how they impact behaviors, business and social protocol, the emotional transition and lifestyle adjustment, and strategies for success in the new culture. Also referred to as Intercultural Training Services.

Culture Shock: The process of learning to navigate in a new culture, of adjusting and adapting to new attitudes, beliefs, lifestyles and ways of doing things.



Currency Controls: Some countries limit the amount of money that may be taken out of the country either by taxing the amount transferred or by not permitting money to be transferred beyond a certain amount over a specified period.

Currency Exchange: See Exchange Rate.

Currency Fluctuations: Changes or fluctuations in the value of one currency relative to another.

Danger Pay: See Hardship Allowance.

Deferred Arrangement: The deferment of paying some portion of an employee's earnings until after the assignment starts, ends or some other date. Generally, deferrals are used to reduce the cost of home and/or host country taxes.

Dependent Children: A child may be claimed as a dependent child by the employee, based on the tax authority definitions of a dependent. The children may be residing with the employee in the host country or may be studying abroad.

Dependent Education: An employee's dependent children may not attend the host country public schools because of language differences, incompatibility with the home country curriculum or other special needs of the employee's dependent child. If public schools are not an option, an international or private school is considered. Also referred to as Children's Education and Tuition Reimbursement.

Deposits: Employees may be required to make cash deposits in the host country for utilities, housing, schools, club membership, etc. To assist the employee with these costs, companies may pay the deposits and require employees to sign a Promissory Note as an agreement that the employee will reimburse the company if for certain reasons the monies are not returned in full at the end of the assignment. See Promissory Notes.

Destination Services: Assistance provided to employee by a local Destination Services Provider in one or all of the following: securing temporary housing, securing permanent housing, school search for dependent children, area orientation, guidance on local shopping areas, securing transportation, driver's licenses, etc.

Destination Service Provider (DSP): A service provider in the host location to provide Destination Services. The provider of these services is sometimes called a Destination Agent.

Developmental Assignment: The temporary assignment of an employee for a specific period of time from their home country to a host country with an objective of providing a career development opportunity for the employee. Assignment length varies but is typically less than twelve months but may last up to three years. Dependent family members may accompany the employee depending on assignment length.

Diplomatic Clause: A clause included in an apartment/home lease to avoid a lease breaking penalty. The clause provides a remedy of payment, that the employee/tenant would have to pay should the lease be broken prior to its stated termination date due to the ending of the assignment earlier than anticipated.



Discretionary Income: The part of an employee's net base salary deemed to be used for savings, investments and other discretionary expenditures.

Disturbance Allowance: See Relocation Allowance.

Dual Career Couples: Where both the employee and spouse/partner are employed in the home country.

Education Expenses: See Children's Education.

Efficient Purchaser Index (EPI): Relative to the Cost of Living Allowance, over time an employee learns to make purchases in the host country in a more cost efficient manner than when they first arrive. The employee will no longer shop for brands that are familiar to them at a higher cost outlet but over time will shop in local outlets and purchase local brands. External suppliers provide an index that measures this change in shopping patterns over time and incorporates these changes to provide an alternative to the standard Cost of Living Allowance table.

EMEA: Countries within Europe, Middle East and Africa.

Emergency Leave: Provided when the employee and their dependent family members require assistance to return to the home location in the event of a medical emergency where adequate medical care is not available locally. Based on the situation, companies may provide airfare, per diems and lodging. Also referred to as Medical Leave.

Emergency Evacuation: The unscheduled evacuation of the employee and their dependent family members from the host location to a safe location either within or outside the host country. Evacuation can be due to unforeseen and dangerous circumstances such as political or environmental unrest, earthquakes, plagues, rebellions, terrorism, etc. Companies may employ the assistance of an outside provider who specializes in coordinating emergency evacuations.

Emerging Markets: A country's social or business activity in the process of rapid industrialization.

Employee Assistance Program (EAP): See Counseling for Employee and Family.

Employee Evaluation Surveys: Surveys provided to employees during or after their relocation/assignment requesting an evaluation of the relocation services received and/or policy provisions. The surveys may be coordinated internally by Human Resources, the service providers or by an independent survey firm.

Employee Requested Transfer: An employee requested temporary assignment or permanent transfer to another work location. The employee may be covered under a mobility policy if there is a business need in the host location or the employee may be responsible for their own relocation costs.

Employment Contracts: In some countries, employment contracts exist which outline the employment relationship, terms and conditions between the employer and employee.

Employment-at-Will: A legal doctrine in effect in some countries maintaining that it is the right of an employer or employee to terminate the employment relationship at any time for any or no reason.



Entry Documents: The documents required by the employee and dependent family members prior to traveling to the host country to begin their assignment/transfer, such as valid passports, work permits and/or residence permits. The employee must be compliant with all country-specific immigration laws and should not commence their assignment/relocation without proper documentation. Also referred to as Travel Documents.

Excess Baggage: The amount over and above the airline carrier's allotted baggage allowance.

Exchange Rate: The value of the currency of one country in comparison to the currency of another country.

Expatriate: See Assignee.

Extended Business Travel: Business travel projected to last less than three months. Travel between home location and host location to attend meetings, training, supervise virtual team, and/or complete a defined task, goal or project.

Family Members: May include the employee's spouse or partner, dependent children who normally reside with the employee, dependent children who live with another family member or dependent children who are studying abroad. Determining dependent eligibility is often based on home country tax guidelines.

Family Size: The number of dependents residing with the employee in the host location.

Focus Group: A group feedback session, often with current and/or former employees on assignment, utilized to assess a current program or policy, possible changes, cultural issues, etc.

Foreign Assignment Location: See Host Location.

Foreign Exchange Rate: See Exchange Rate.

Foreign Post: See Host Location.

Foreign National: Used by the host location to describe an employee on assignment from another country in the host country.

Foreign Service Premium (FSP): A payment for employees who accept an assignment. It has been traditionally intended to recognize adjustments to different cultural, social and business environments, and separation from home country relatives, friends and business associates. Also referred to as Mobility Premium.

Freeze Allowance: A pay adjustment designed to ensure the employee's net pay delivery does not reduce as a result of a movement in Cost of Living Allowance or exchange rates between their home and host countries, typically set at more than 10%.

Furniture and Furnishings Assistance: If employees are not eligible to ship their furniture and furnishings to the host location, the employee may be provided assistance to furnish their host housing. Assistance could include a cash allowance, a budget that is established and the employee submits receipts up to the allotted amount, reimbursement of actual items purchased or the rental of furniture and furnishings



Generalizations: Cultural comparisons based on commonalities among a majority of the people in a given cultural group or the cultural norm.

Global Mindset: An individual's disposition toward global issues, cultures and ideas that is a habitual or characteristic mental attitude which determines how the employee will interpret and respond to situations.

Global Nomads: See Career Assignees.

Global Policy: A relocation/assignment policy that is consistently applied across a company's regions, countries and business to ensure a consistent approach for all moves.

Global Team: A team of employees that are working together on a single project but from different locations, often through the use of technology. Also referred to as Virtual Team.

Globalization: The development of an increasingly integrated global economy marked especially by free trade, free flow of capital and the utilization of cost effective foreign labor markets.

Goods and Services Differential: See Cost-of-Living Allowance.

Goods and Services Index: See Cost-of-Living Index.

Goods and Services Tax (GST): A consumption tax that is placed on a product whenever value is added at a stage of production and at final sale. The amount of tax the user pays is the cost of the product less any of the costs of materials used in the product that have already been taxed. Ultimately, a GST is a sales tax that is paid by the end consumer of the good or service. Also referred to as Value Added Tax (VAT).

Group Moves: The movement under policy of a group of employees in an office, business unit, plant, etc. to another location on a planned and scheduled basis.

Gross-Up: A calculated amount added to an employee's reportable wages which offsets the impact of taxes on a specific payment. If there is a mandatory withholding or deduction by law (usually with respect to tax), then the company will "gross up" the payment so that the employee receives the appropriate net amount.

Hardship Allowance: An allowance paid to offset an employee's burden of being assigned to a city and/or country that is considered a hardship location (see below). The allowance is typically a percentage of annual base salary to a maximum amount that is provided to the employee annually through the term of the assignment. Also referred to as Danger Pay, Location Premium and Hazard Pay.

Hardship Location: A location that is identified by a data provider or local government as difficult for foreign employees to live. Locations may be considered a hardship due to climate, environmental risk, political instability, security risks, availability of goods and services, cultural isolation, lack of social amenities or medical facilities.

Hazard Pay: See Hardship Allowance.

Headquarters Country: The country in which the employer has its corporate headquarters.



Healthcare Insurance: Insurance provided through an employer for an employee's healthcare. Some home country healthcare insurance plans will not extend to the host location when an employee is on assignment, therefore, companies will contract with a healthcare provider for a global healthcare for all relocating employees. Premium costs and any healthcare costs that are above what the employee would have paid at home are covered by the company. Also referred to as Medical Insurance.

Holidays: Days observed by a company, local or country government where the company may close their facilities. Employees will typically follow the holidays of the host office while on assignment.

Home Business Unit: The business unit which the employee is housed for headcount prior to assignment.

Home Country: The employee's original point of origin, country of residence and regular employment prior to acceptance of the assignment/relocation and the location where the employee is expected to return upon completion of the assignment. Used as a reference to determine the assignment benefits, compensation and benefit package. Also referred to as Home Location and Point of Origin.

Home Country Spending Pattern: A portion of an employee's home country salary that used to purchase the home location market basket of goods and services, which indicates a spending pattern when reviewed across a large population. The spending pattern is used in the analysis and determination of the Cost of Living Allowance by data providers.

Home Country Tax: Includes taxes assessed by a county, province, state/city.

Home Disposition: The disposal of the employee's home country primary residence.

Home Country Housing Norm: A contribution/payment by the employee if the employee's home housing obligation is either reduced or eliminated due to the assignment and the company is providing the housing in the host location. The amount of the housing norm is determined by a data provider using statistical averages based on salary and family size or the company may elect to apply the actual amount the employee paid at the time of assignment also referred to as Home Location Housing Contribution.

Home Country Utility Norm: A contribution/payment by the employee if the employee's home utilities obligation is either reduced or eliminated due to the assignment and the company is covering the utility expense payment in the host location.

Home Leave: A return trip for the employee, spouse/partner and eligible dependents to visit the home location to maintain ties with family, friends and the home office. Companies may reimburse airfare cost or establish an annual cost and pay as an annual allowance. Also referred to as Annual Trip.

Home Location: See Home Country.

Home Location Housing Contribution: See Home Country Housing Norm.

Home Sale Assistance: Reimbursement to the employee of home sale expenses in the home country. This may be accomplished through the services of a third-party firm, actual reimbursement of expenses after the sale to the ultimate purchaser or a fixed allowance.



Home Finding Services: Service provided by a Destination Service Provider (DSP) to assist the employee in finding temporary housing upon their arrival in the host location, securing permanent housing, area orientation and school search for dependent children.

Host Country: See Host Location.

Host Country Housing: Permanent housing in the host location which the employee and family reside during the assignment.

Host Country Spouse Earned Income: Salary earned by the employee's spouse in the country of assignment.

Host Country Tax: The tax imposed on the employee's earned income while on assignment in the host location. The employee's actual tax liability is based on the host country tax guidelines.

Host Housing: Permanent housing in the host location which the employee and their family members will reside in during the assignment. The company will establish a housing allowance/budget dependent on information provided by an outside data provider or host HR based on the employee's family size. Basic utility expenses are typically reimbursed to the employee. Also referred to as Rental Assistance.

Host Location: The city and country to which the employee is assigned/relocated.

Household Goods Management Services: The management of a company's household good services for their relocating employees. Consultants are typically independent from household goods carriers but will provide consultation on the selection of a household goods carrier, carrier contract negotiation, evaluation and management of household goods carriers, coordination of moving household goods, insurance counseling, claims handling and other related administrative or counseling services.

Household Goods Shipment: Transportation and insurance of an employee's household goods and personal effects via either air or surface shipment from the home location to the host location. Allotted shipment weights and container sizes are defined by the companies in their relocation policy. The household goods shipment is managed by a household goods carrier authorized by the company.

Household Goods Storage: Long term storage of employee's personal goods while on assignment if they had disposed of their home country housing, their home property is being leased or they have personal items which they are eligible to store. During the transport of the household goods to/from the home/host location the employee's goods may also be stored for a short term, generally the length of the employee's eligible temporary living time if permanent housing is not available.

Household Maintenance: See Property Management Services.

Housing Differential: An allowance provided to cover the difference in housing costs between the home and host countries. Housing differentials are calculated by deducting an average or actual housing cost of the housing in the home country from the average or actual housing cost in the host country. The Home Country Housing Norm may also be offset against the Housing Differential as well. Housing cost averages



will typically be obtained by an outside data provider. Such averages are normally based on family size and income level.

Hypothetical Tax Withholding: The approximate amount of home country tax, generally calculated on home country base salary and bonus/incentive compensation that the employee would have paid had they remained in the home country. Generally includes a calculation for a home state/province/canton tax as well as social taxes. Hypothetical Tax is generally withheld from the employee's home payroll and actual tax deductions are discontinued during the time of the assignment. The Hypothetical Tax withheld from the employee's income is retained by the company. Also referred to as Theoretical Tax Withholding.

Immigration: The 'securing of a host country visa, work permit and/or residence permit by an employee and their dependent family members. The reason for the employee's assignment and/or travel to the host country dictates the appropriate visa type which the applicant/employee can apply. The employee must be compliant with all country-specific immigration laws and should not commence their assignments without proper documentation.

Immigration Compliance: The act of an employee being compliant with host country immigration regulations upon the start of the assignment/relocation and throughout the assignment.

Immunizations: Inoculations which protect the employee and family against certain diseases while on assignment and may be required for travel to the host location.

Insourcing: Defined as the delegation of operations or jobs from production within a business to an internal (but 'stand-alone') entity that specializes in that operation. Insourcing is a business decision that is often made to maintain control of critical production or competencies. An alternate use of the term implies transferring jobs to within the country where the term is used, either by hiring local subcontractors or building a facility.

Intercultural Training Services: See Cross-Cultural Training Services.

International Baccalaureate: A group of three internationally recognized educational programs for students aged 3 to 19.

Incentives: Allowances or other policy provisions that encourage employees to accept international assignments and transfers.

In-kind Programs: Some countries include in-kind programs in their compensation programs in order to take advantage of tax laws. Most frequently these are automobile plans whereby an employee leases an automobile through the company, the cost of which is taxed at a lower rate than if the employee had leased an automobile on their own.

Inpatriate: An employee from one country who is brought to work in the company's headquarters country. Individuals in a country may also refer to employees who come to work in that location from another country as an inpatriate.



Intercultural Adaptability: The ability of an expatriate to adapt to and cope with living in a cultural environment that is significantly different than their home culture.

International Compensation: The total gross, pre-tax wages paid by the company to the employee, which includes base, incentive/bonus, and assignment benefits. The international compensation package typically provides employees with a base salary plus allowances to cover the higher cost of living and housing in the international destination and sometimes incentives to provide encouragement for employees to accept and remain at international assignments.

International Driver's License: Countries may require the employee to acquire an international driver's license in order to drive in the host country, though the home country license may be valid in the host country for a period of time.

International New Hire: An individual resident in one country employed to work in another country on a permanent, full time basis.

Inter-regional Policy: A policy which is specific to permanent relocations or assignments from a specific region to any other region.

Intra-Regional Policy: A policy which is specific to permanent relocations or assignments from one country within a region to another country within that same region. Also referred to as Regional Policy.

Knowledge Transfer: The transfer of knowledge from one part of the organization to another part of the organization (location, plant, office, business unit, etc).

Labor Law: Also known as employment or labor law, this is the body of laws, administrative rulings, and precedents which address the legal rights of, and restrictions on, working people and their organizations.

Language Training Services: The employee and dependent family members may not speak the language of the country of assignment and will be provided training in the business language of the host location by a service provider. Training may be provided before departure and/or upon arrival in the host country through a Language Training provider.

Lease Cancellation Fee: A fee charged to a tenant if the tenant breaks the lease before the term of the lease has expired.

Letter of Assignment: See Assignment Letter.

Letter of Understanding: See Assignment Letter.

Localization: When an employee from a home location ends their assignment in the host location and remains in the host location, is permanently relocated to the host location or is hired from one location into the host location. These employees will typically no longer receive assignment benefits and will be transferred to the local salary, benefits, payroll, headcount, etc.

Localization Plus/Local Plus: A package in which an employee is provided less than the full relocation assignment package but more than the pay and benefits of a local employee.



Location Premium: See Hardship Allowance.

Long-Term Assignment: The temporary assignment of an employee projected to last for a period of one to five years from their home country to a host country to complete a defined business objective such as fill a managerial or technical skill gap, build management expertise, launching new endeavors, technology transfer, develop local business relationships, global market opportunities or transfer corporate culture. Dependent family members typically accompany the employee on assignment. Also referred to as a Traditional Assignment

Look-See Trip: See Pre-assignment Trip.

Loss-on-Sale of Home Automobile: See Automobile-Home.

Mail Forwarding Services: Service provider who will forward mail for employees from the home location to the host location while on assignment.

Marriage Certificate: Documentation confirming legal status of marriage.

Market Basket: An outside data provider measures the cost of goods and services in the employee's home country and compares to pricing of similar items globally. The items measured are referred to as the home country market basket. This market basket is universal which means that the same types of consumer items are surveyed worldwide, typically excluding housing, taxes and transportation which are typically measured and weighted separately. These pricings serve as one benchmark against which the host country costs will be measured.

The items that make up the market basket are typically food at home (meat, fish, and dairy; groceries; fruits and vegetables), tobacco and alcohol, personal care, furnishings and household operations, clothing, medical care, recreation, transportation (public and private), domestic service, and food away from home. The market basket items are priced by an outside provider in both the home and host locations and become a component of the analysis in determining the Cost-of-living Allowance.

Medical Examinations: Prior to departure from the point of origin, the employee and dependent family members may be required to have a medical screening and physical examination to ascertain any health issues that may impact the assignment. Required immunizations/inoculations should also be administered during the examination. Also referred to as Physical Examinations.

Medical Leave: See Emergency Leave.

Mentor: A colleague in the home location who is responsible for maintaining contact with the employee during the assignment and actively providing assistance and career development. Can also be a colleague in the host location to assist the employee in acclimating to the host location and continued career development.

Miscellaneous Expense Allowance: See Relocation Allowance.

Mobility Premium: See Foreign Service Premium.



Newsletters: A communication tool used by some companies to communicate periodically with their expatriates, thereby helping the expatriate to retain a connection with the home country.

One-Time Payments: Payments made to employees for a specific purpose and for one time only. These are usually paid in lump sum and may be for such purposes as language training, house sale, etc.

Outsourcing: A company may retain the services of an outside supplier to perform or manage certain tasks which were previously performed within the company. Companies will outsource certain aspects of their relocation program to a service company/third party provider to manage on the company's behalf. Companies will typically retain oversight of the relocation policy but may outsource all other aspects of relocation program such as policy consultation, selection and management of service providers, expense management, management of ongoing assignment and repatriation. Also referred to as Co-sourcing.

Partner Assistance: See Spouse/Partner Assistance Allowance.

Passport: A formal document that is issued by an authorized official of a country to one of its citizens and usually necessary for exit from and re-entry into the country. The passport allows the citizen/employee to travel in a foreign country in accordance with the host country visa requirements. Each family member on assignment must have a valid passport prior to beginning the assignment.

Pay Delivery Options: The method utilized to provide pay to employees. Companies will use one of five approaches to delivery base pay and relocation benefits to their employees:

Home Country: Salary and relocation benefits paid into employee's home country bank account

Host Country Currency: Salary and relocation benefits paid into employee's host country bank account
Currency of Headquarters: Salary and relocation benefits paid in the currency of the company's headquarter and delivered into the employee's home country bank account

Split Pay: Salary and relocation benefits split between home and host country either designated by employee or in the assignment policy

Hybrid: A "higher of home or host" approach, whereby companies compare the benefits of a home-country and host-country policy and choose that which is most favorable to the expatriate

Pension Plans: Plans provided by employers to be utilized by employees upon retirement at a specified age. Participation in the pension plan in the home country may not be possible for employees on assignment. Some companies with a large population of relocating employees have established global pension plans to provide a consistent plan for relocating employees, particularly global nomads.

Per Diem: A daily payment made to an employee while on assignment or during different times of the relocation process. The per diem is intended to reimburse meals and miscellaneous expenses. The per diem may be priced to cover all or partial costs in the country where the costs are incurred or may be established as an "international per diem." If an international per diem is established, the same per diem will apply to all employees from that company who are assigned to that location, regardless of country of origin.



Permanent Transfer: The transfer of an employee from one country to another with the intent that the employee will become a permanent employee of the host country location. The employee will no longer be eligible for the benefits available to employees in the home country.

Pet Transportation: The transportation of an employee's pet from the home location to the host location. Services are typically coordinated through a pet transportation company or the employee may be required to coordinate the transport themselves and receive reimbursement or an allowance intended to be applied towards the cost.

Phased Compensation Approach: Upon localization, permanent transfer benefits or assignment benefits may not immediately cease but may instead be phased out over a period of time to assist the employee in acclimating themselves to the host location.

Point of Origin: See Home Country.

Policy Briefing: A conversation between the relocation consultant managing the employee's relocation and the employee. The briefing will occur upon the employee's acceptance of the assignment or transfer. The intent of the briefing is to review policy, processes and set expectations for the relocation.

Position Allowance: For some people coming from a very low salaried or cost of living location to a much higher one, the employee's home country spendable and relocation benefit may still not bring the employee's spending power to that of a lowest paid local employee of the host country. In this situation the company may provide an allowance that would bring the employee's level of international compensation to that of the lowest paid local employee in the same position.

Post-Move Surveys: See Employee Evaluation Surveys.

Pre-Assignment Trip: A trip to the assignment location for the employee and their spouse/partner to assist in deciding whether to accept the assignment, select permanent housing and schools. Typical trip is up to a maximum of seven days. Also referred to as an Advance Trip or Look-see Trip.

Pre-Departure Checklist: A checklist created by the company or a third-party provider to document all the tasks which is recommended that the employee complete prior to their departure to the host location.

Pre-Return Trips: Prior to the employee's repatriation, employee and their spouse/partner may travel to the home country in order to select temporary and/or permanent housing, schools and career counseling for the employee and/or their spouse/partner. This trip allows the employee to have advance discussions regarding career progression and next assignments in the home country. A Pre-return Trip is also an opportunity for employees whose assignments are extended, are going on a sequential assignment or are localizing to the host location. It allows the employee and their spouse/partner an opportunity to address personal and work issues in the home location.

Promissory Notes: When the company signs the host country lease and pays the host country security deposit on the property that the employee will be living in during the assignment, the employee may be required to sign a Promissory Note as agreement that they are responsible for any damages to the property



and will reimburse the company for any deductions up to and above monies deducted from return of the security deposit.

Property Management Services: During an assignment the employee may elect to maintain the home and contract with a Property Management company to manage the home during their assignment. Typical Property Management services include but are not limited to routine security checks, coordination of lawn care, snow removal and securing and management of renters. The company may cover under policy the cost of Property Management fees up to a maximum amount annually. Also referred to as Household Maintenance.

Regional Policy: See Infra-Regional Policy.

Relocation Allowance: An allowance to cover out-of-pocket expenses not otherwise covered by policy such as moving expenses (fixtures, fittings, drapes, carpets, appliances, deposits, driver and vehicle license fees, pet transportation or boarding, baby sifting fees, etc.). Companies may provide a percentage of salary to a maximum amount or a flat amount. The employee does not need to provide receipts or documentation of how the allowance is used. This allowance may be paid both at the beginning of the assignment and at repatriation. Also referred to as Miscellaneous Expense Allowance, Repatriation Allowance or Resettlement Allowance based on when allowance is paid.

Relocation Leave: The provision of time off from work in preparation for the move and for taking care of personal business (closing of accounts, obtaining school records, supervising movers, etc.). This time off may be in addition to vacation, personal leave or allowed under policy.

Relocation Management Company: Firms providing a wide array of relocation services for employers and relocated employees on a national and international basis. Services may include the following: international policy development, financial management, home marketing, home finding, cross-cultural training, career counseling, language training, financial counseling, etc.

Relocation Policy: A policy which includes benefits and services provided by an employer to aid an employee and their family in the relocation process.

Remuneration: See Compensation.

Rental Assistance: See Host Housing.

Repatriation: The return of the employee to the home country at the completion of the assignment. Companies may have relocation policies or provisions in the assignment policy which details an employee's repatriation benefits.

Repatriation Allowance: See Relocation Allowance.

Repayment/Payback Agreement: Agreement signed by the employee prior to the assignment start date or permanent move date agreeing to pay back the company any accrued relocation expenses in the event the employee terminates or requests repatriation to the home location prior to the completion of the assignment.



Repatriation Services: Firms providing area information and professional personal counseling services to repatriated employees and non-citizens returning to, or coming into a country. These services may be similar to the orientation training provided at the outset of the assignment. Resettlement Allowance: See Relocation Allowance.

Rest and Recreation Trips (R&R): A period of leave, usually in addition to the normal vacation entitlement, given to employees posted to certain locations which qualify as extreme hardship locations. Due to the extreme climate, security, availability of goods and services, cultural isolation, etc., the employee may be eligible for one or several trips to a culturally diverse, metropolitan area outside the host location or country. R&R is determined by an outside data provider, government or other source.

Retention: Retaining employees to work for the company after they've returned from an international assignment versus having them leave the organization.

Return on Investment (ROI): The measurement of the costs and benefits of an international assignment.

Reverse Expatriates: When an employee returns to their home country on assignment. For example, a Chinese national employed permanently in London is sent on assignment to China.

Rotational Assignment: Employees work a designated number of days in the host country, followed by a designated number of days off. Employee returns to home country when not working in the host country.

Secondee: See Assignee.

Secondment: The temporary movement or loan of an employee to another part of the organization or to a completely different organization.

Security: A company may work with its internal security department to provide guidance to its employees on security steps they should take while on assignment in the host location. There are also specialty consulting firms that can assist if the company does not have a security officer. Security Briefing: Security personnel (either in-house or a hired firm) present the employee and their family members a safety briefing and training specific to the host location upon their arrival in the host location.

Sequential Assignment: Upon the end of an employee's assignment, rather than returning to the home location, they may be requested to accept an assignment to another location under the same or new assignment terms.

Settling-In Services: A service provided by a Destination Service Provider (DSP) to assist the employee in acclimating to the host location by assisting them with securing a driver's license, setting up bank accounts, securing transportation, area orientation, utility hook-up, etc.

Short-Term Assignment: The temporary assignment of an employee projected to last for a period of three to twelve months from their home country to a host country to complete a defined business objective such as training, fill a skill gap, technology and/or knowledge transfer in the host location. Family members typically do not accompany the employee on assignment. Also referred to as Temporary Assignment.



Skill Gap: A significant gap between the company's skill needs and the current capabilities of its workforce.

Social Networking Assistance: Assistance provided from companies to employees and family to help them stay connected while on assignment. Examples include internet access, club fees, peer networks, mentor programs, etc.

Spendable Income: The amount of an employee's income at a particular salary level and family size would customarily spend for goods and services in a specific country. Based on an outside data providers tables, the spendable income is utilized in the calculation of the goods and services differential and can be expected to change during the period of the employee's assignment as base salary, family size or spending patterns change.

Split Payroll: Paying an employee's salary and allowances in two countries and in two currencies. Detailed under Pay Delivery Options.

Spouse/Domestic Partner: An opposite or same sex individual which lives with the employee and shares a common domestic life. The individual may be legally married to the employee or qualify for domestic partner coverage as defined by the company's benefit plans or host country immigration laws.

Spouse/Partner Assistance: See Career Counseling.

Stealth Expatriates: An employee who works in another country without being a part of the company's official international assignment program and often without the Mobility Team or Human Resource's knowledge.

Stock Plans/Options: Benefit/compensation provided to the employee in the form of stock shares or options for the stock shares. Some companies have stock purchase and stock option plans that may or may not be transferable to the host country. Employees may or may not be able to exercise these plans after relocation.

Stopovers: Enroute to the host location, the employee may need to layover and/or change methods of transportation, particularly when the distance or transit time between the home and host locations is great. If overnight layovers are necessary, hotel and travel arrangements should be coordinated in advance, and the company will normally reimburse these expenses.

Strategic Assignment: See Developmental Assignment.

Student Travel: The travel of a dependent family members attending school abroad to visit the family in the host location.

Tariffs and Duties: A list of duties (monetary amounts) imposed by a government on imported or exported goods.

Tax Briefing: A consultative session with the employee and the tax provider designed to provide the employee with an understanding of their tax liability while on assignment. Personal information is held in strict confidence with the tax consultant and is not shared with the company. During assignment the



employee is likely to incur an income tax liability in the host country. In order to make income tax considerations as neutral as possible during an assignment, the employer may implement a tax equalization or tax protection policy. The tax briefing is designed to provide an overview of the process.

Tax Equalization: Tax equalization functions to compensate the employee for the additional foreign and home country tax cost resulting from the assignment. The company attempts to equalize the employee's tax burden so it is neither greater nor less than the amount of tax they would have paid had they remained in the home country. A Tax Equalization Settlement is prepared annually and if the employee had paid more tax during the assignment; the company reimburses the employee for the excess amount. If the total taxes the employee paid are lower than they would have been at home, the company requests payment of the shortage.

Tax Preparation Services: Services provided by the tax provider to the employee to prepare the tax returns required in the home and the host locations.

Tax Protection: A methodology for calculating an employee's worldwide tax burden wherein the employee pays no more taxes than they would have paid in the home location. The employee typically receives the benefit if the tax burden is less.

Telecommuting: A work arrangement in which an employee enjoys the flexibility of work location and hours. In other words, the daily commute to a central place of work is replaced by telecommunication links through the use of technology.

Temporary Accommodations: Fully furnished, short term housing that an employee and the family may secure for assignments less than 12 months or upon their initial arrival in the host location or upon their return to their home location until their permanent residence is available or permanent housing is found. Also referred to as Corporate Housing or Furnished Housing.

Temporary Assignment: See Short Term Assignment.

Temporary Living: For both the initial assignment and repatriation, under policy a company will typically provide the employee and their family members' temporary living while they await the availability of their permanent residence or their household goods to arrive. Most employers limit the period of temporary living to between 30-60 days. Expenses covered include lodging, per diem and car rental.

Theoretical Income Tax: The income tax that would have been due in the home country on all elements of company source and outside income if the employee had not received relocation benefits or special tax considerations as a result of the assignment. The Theoretical Income Tax is calculated at yearend through the preparation of the Tax Equalization Settlement. The theoretical income tax differs from the hypothetical income tax in that the hypothetical income tax calculation is used for withholding purposes, while the theoretical tax is the final year-end calculation based on actual income.

Theoretical Tax Withholding: See Hypothetical Withholding.

Third Country Nationals (TCNs): An individual from a country other than their home country of origin who is on assignment in a third country.



Third Culture Kids (TCKs): An individual who has spent a significant period of time in one or more culture(s) other than their own, thus integrating elements of those cultures and their own birth culture, into a third culture.

Totalization Agreements: See Certificate of Coverage.

Traditional Assignment: See Long-Term Assignment.

Transferee: See Assignee.

Transportation Allowance: Automobile-Host.

Travel Documents: See Entry Documents.

Travel Services: Firms specializing in providing travel services and potentially the securing of business visas for relocating employees at the beginning, during and end of assignment.

Tuition Reimbursement: See Dependent Education.

Vacation Time: Accrued or entitled vacations/holidays/paid time off (PTO) that the employee is entitled to as part of their home country employment. Employees will typically continue to follow the vacation plan of their home country employment while on assignment.

Vaccinations: See Immunizations.

Value-Added Taxes (VAT): See Goods and Services Tax (GST).

Vehicles: See Automobile-Home and Automobile-Host.

Veterinarian's Report: A report that is typically needed to clear a pet for entry into the host country.

Virtual Team: See Global Team.

Visa: A document which grants the employee permission to enter a country for a specified length of time. While a few countries may not require a visa, the majority do. When a visa is required, each family member must have a valid visa for the entire intended length of stay. If the employee is accepting an assignment, the company normally helps the employee and family members obtain their visas through internal counsel or the use of an immigration provider. The visa may or may not permit the expatriate to work. There may be a separate application for a work permit. The work permit should be approved and secured prior to the employee and their family members physically relocating to the host location and starting their assignment.

Voluntary Termination: The voluntary termination of an employee's employment while on assignment. The Company may or may not be obligated to pay any relocation costs associated with the move of the employees and their family members from the host country to their home country or any other location. The employee's visa status is immediately affected upon termination of their employment with company.



Will: In common law, a will or testament is a document by which a person regulates the rights of others over his or her property or family after death. Relocating employees should update their wills prior to leaving their home country and upon their return.

Work and/or Residence Permits: A visa may not automatically authorize the employee to work in the host country. An application for a work or residence permit may be required. The company should be able to help the employee procure their work or residence permits either through internal counsel or through the use of an immigration provider. The work permit should be approved and secured prior to the employee and their family members physically relocating to the host location and starting their assignment.

Workday Calendar: A document maintained by the employee, primarily for tax compliance purposes, which records days physically present in the host country or countries. Must be maintained throughout the length of the assignment.