



cutting through complexity

Back To Basics

A Thought Leadership Series from KPMG's Global
Mobility Advisory Services

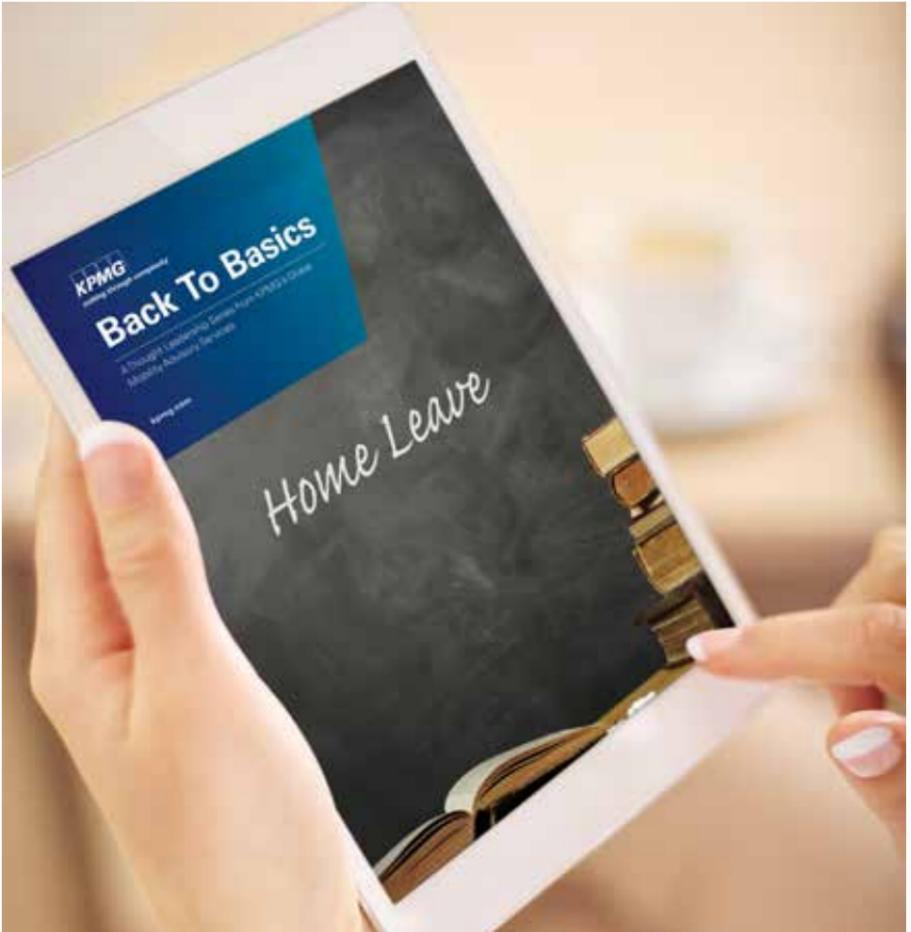
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Home Leave



About KPMG's Global Mobility Back to Basics Thought Leadership Series

KPMG's Global Mobility Advisory Services team is publishing a series of articles on key global mobility policy provisions prevalent within most of today's multinational organizations' programs. This "Back to Basics" series examines such policy elements from a foundational level, with a view to help HR professionals to better understand a provision's intent and design, options available and to achieve alignment to larger global mobility objectives. Whether you're new to global mobility or if some time has passed since you last thought through a particular provision, this series of articles is for you. Additionally, other teams that support global mobility in your organization (e.g. Finance, Payroll, Tax, Legal, or Host Country HR) may benefit from better understanding global mobility's approach when managing international assignments.





What is home leave?

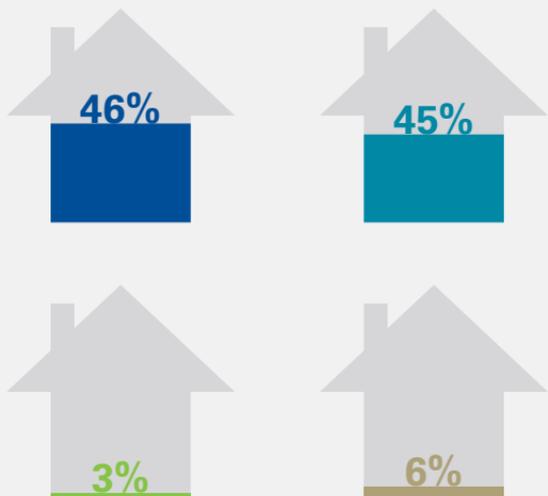
The home leave provision grants the assignee, and accompanying family members, assistance to return to their home country while on international assignment. As you will see, there are a variety of options and considerations when determining the design of your company's home leave provision.

Reality Check – 2013 GAPP Snapshot

According to KPMG's 2013 Global Assignment Policies & Practices (GAPP) survey, 94% of participating organizations provide Home Leave to assignees.

Which of the following best describes your organization's home leave policy?

-  Assignees are free to go wherever they would like on home leave
-  Assignees are required to go to the headquarters country (if different than home country)
-  Assignees are required to go to their home country
-  We do not provide for home leave



Why Organizations Provide Home Leave

The reason why organizations provide Home Leave is the main influencer in how organizations deliver the Home Leave benefit and how parameters and limitations are established and enforced. Most policies reflect an intent to “help assignees maintain professional and personal contacts during the assignment.” Maintaining home country contacts is important to organizations to help assignees combat “out of sight, out of mind” which can otherwise happen during assignments. Moreover, home leave is provided to help promote retaining assignees in the home country organization when the assignment is over (repatriation).

Repatriation is in and of itself a separate and distinct topic. Look for it as the focus of a future article in the Back to Basics series.

Lastly, some organizations like to offer home leave to mitigate any employee reluctance to accept an international assignment.

Despite what a policy says, many organizations allow a degree of flexibility for the assignee to perhaps choose a home leave location other than the home country location (as long as, in most cases, the cost of the trip is similar to what a cost to the home country location would have been). It’s important to note, however, that the traditional business driver (promoting repatriation) becomes diluted because going to an alternative location may not promote the maintenance of personal and professional contacts in the home country.

Because many organizations are allowing “choice” of home leave location, the provision takes on a look and feel more like R & R trips (see Sidebar). In any case, if your organization is not experiencing issues with retaining assignees in the organization after the assignment, this degree of flexibility may not pose any problems or conflicts in



Rest & Relaxation (R & R) Trips

Historically, R & R trips were provided by organizations for 2 main reasons (or both):

- For key executives, in highly demanding and stressful roles, to be provided a trip to any destination to “regroup” (note: productivity is the business driver)
- For assignees in “hardship” locations, to allow a trip to a location nearby that is less harsh, less dangerous, and/or less remote (note: incentive is the business driver)

These R & R trips are in addition to a traditional Home Leave provision. We note that R & R trips as a separate policy provision are becoming less and less frequent. This is typically due to cost containment drivers and due to more flexibility within the Home Leave provision.

your program. In other instances, assignees may have frequent business travel to the home country location that may mitigate the “out of sight, out of mind” challenge; allowing alternative home leave locations may not be an impediment.

However, if you’re trying to promote successful repatriations with your program, limiting the home leave location to the home country may be appropriate. Some, though few, organizations further limit the trips to a particular city or to the organization’s HQ location (see p.2, 3% in KPMG’s current GAPP survey results).

Frequency



Organizations have additional choice when determining the frequency parameters for assignees to take home leave. A major determinant is whether or not there is family accompaniment to the host country location. As most assignments do have family accompaniment, the majority of multinational

organizations provide home leave annually (once a year). Some organizations follow a calendar year, others look at a 12 month window of time. An additional parameter many organizations implement include a limitation that home leave cannot be taken within 3 months of arrival nor within 3 months of repatriation. Fewer still cite six months within arrival or departure. Other organizations may allow 2 home leave trips each year, particularly at executive levels.

When there isn't family accompaniment to the host

country location, assignees are generally allowed to take home leave trips more frequently; typically, every 3 to 4 months during the assignment. Organizations recognize that separation can be difficult and that there is likely an overall savings in relocation, cost of living, housing and other allowances when the family remains in the home location. Additionally, in many instances, organizations will allow non-accompanying family members to join the assignee in the host location in lieu of providing an assignee trip to the home country location.

Vacation/Personal Holiday/Paid Time Off

Policies and assignment letters should cite the organization's approach regarding whether or not time spent on home leave is applied toward vacation/Paid Time Off (PTO) accrued balances or if this is additional time away from the job that is awarded to the employee. Some assignees will resist mandates to go to the home country location when they're required to utilize vacation balances during home leave trips. To address this, some organizations will provide additional home leave days, particularly when there is not family accompaniment to the host location.



Forms Of Home Leave Assistance

There are a variety of options that organizations apply when delivering the home leave provision to the assignee. No matter the method utilized, organizations should be mindful of administrative ease, requirements for compensation accumulation processes and for tracking and enforcement of the home leave provision. Many organizations will point the assignee toward Corporate Travel professionals (internal or with a third-party vendor) which may allow for corporate discounts and policy enforcement.

Others reimburse assignees for travel tickets that are purchased by the assignee where the assignee follows expense reimbursement processes. Many companies as well give a lump-sum cash allowance based on estimated travel expense and leave it to the assignee to manage those home leave monies as he/she sees fit. No matter the method, it's recommended that a form of home leave budget or limitation is established and communicated with the assignee.

Class Of Service

Typically, organizations will look to the organization's home country business travel policy which cites the class of service the organization supports when travelling for business purposes. This approach will align the class of service element that the assignee is accustomed to. However, some organizations will determine, specific to home leave or to international assignments, eligibility criteria for business class or first class travel based on travel time or based on home country and host country combinations.

Organizations that have a flexible program (where the assignee can travel anywhere he/she wishes) are more likely to mandate economy class service only for home leave trips. Additionally, economy class only for home leave is becoming more prevalent as organizations strive to contain costs further and consider home leave travel as "personal" and need not be governed by business travel parameters. The organization's approach regarding class of service should be included in the international assignment policy and in the assignment letter.

Other Assistance When Traveling

Most organizations do not assist assignees with meals, lodging, incidentals and transportation expenses when traveling on home leave. A main reason is likely because the assignee continues to receive cost of living and other allowances during home leave trips.

However, if assignees are subject to housing norms and are renting out their primary home country residences during the assignment, it may be appropriate for the company to assist the assignee in some form during home leave trips. Such assistance, if any, should align to either provisions in the international assignment policy that govern temporary living or "domestic" business travel policies.

Other Limitations

Particularly if the home leave provision is guided by a retention/repatriation objective, assignees should be prohibited from “banking” home leave trips or having the ability to “cash them out” in lieu of actually taking home leave. Most organizations will take a “use it or lose it” stance to help promote use of the home leave provision. Your organization’s approach should be addressed in the international assignment policy.



Tax Implications

Most revenue authorities will treat home leave assistance as a taxable event and is considered compensatory for the assignee. However, there are tax planning opportunities in some countries where the assignee’s portion of home leave assistance may be characterized as business-related if the trip coincides with business travel and business activities. There could be additional savings downstream in the tax equalization process, as well. Discuss the tax implications of your company’s home leave approach with your tax services professional.



Alignment Of Other Leave Policies

International assignment policies tend to contain other leave-related policies, including:

- Emergency Leave
- Bereavement Leave
- Travel for non-accompanying dependent children to the host country location

Organizations should seek to ensure that the administration and limitations that support home leave align (and do not run contrary) to other kinds of leave policies.



Homework for Home Leave

Now that we've discussed the basics of home leave, you have some homework to do. To help identify the starting point for reviewing the home leave provision in your own International Assignment Policy, gather a few colleagues and rank the following objectives in order of importance:

	My Rank	Colleague 1	Colleague 2
Cost Containment			
Flexibility			
Repatriation			
Competitiveness			

After completing this ranking exercise, consider the following:

- Do you and your colleagues agree on what degrees of importance your organization applies to home leave? Why or why not?
- Once you have agreed on rankings, you are then better positioned to begin analyzing how best to assess your home leave approach's ability to promote what's important and relevant to your program.
- If you discover a disconnect between what's important and how home leave operates in your organization, you now should be thinking about options and actions to improve the home leave provision in your program.

CONCLUSION

The approach organizations apply with its home leave will be guided by how much (or how little) the organization relies on home leave to support repatriation objectives or if the organization is more focused on provided flexibility and, to a lesser extent, an additional international assignment incentive. The provisions discussed above can fall across a continuum between these opposing objectives:

		← Home Leave Objective →							
Repatriation	Other travel assistance (hotel, car, etc)	Managed by Dept	Additional home leave days (no vacation balance charge)	At least once a year, perhaps twice a year	Mandate home country location only	Allow family to visit host in lieu of assignee home leave	No limitation on home leave destination	Allow banking or cashing out	Flexibility

The home leave provision is a visible and important component to any global mobility policy and program. Today's companies need to be thoughtful when considering their home leave provision. It's important that given the variants and options, your home leave approach is relevant for the business and as well is valued by the assignee, no matter any particular emphasis on flexibility or on repatriation. By going "back-to-basics," we hope to illustrate the considerations for the provision and describe how other multinational companies approach development and delivery of home leave benefits.

If your organization...

- has a globally mobile workforce
- has international assignment programs that need help with managing their assignee populations
- has international assignee program that do not have documented policies, or have not recently updated or benchmarked their policies
- needs to understand their current international assignee program resources, identify gaps, introduce technological resources, and improve work flow
- needs to improve reporting and tracking processes and procedures that address stakeholder needs in a timely manner, and help improve guidance and information sharing throughout the organization
- wishes to improve and streamline their current global mobility processes and procedures
- recognizes a need to institute improved governance to build a more sustainable and efficient international assignee program and manage potential exposures

KPMG Can Help

KPMG has over 100 professionals that provide Global Mobility Advisory Services (GMAS) around the world. Our services include:

- Global mobility advisory and international HR consulting
- Assignment administration and outsourcing services
- GMAS professionals are particularly skilled at:
 - developing policies
 - managing international assignee populations
 - developing and implementing tailored approaches to help solve today's global mobility issues
- Global Assignment Policies & Practices (GAPP) survey, benchmarking analytics, satisfaction and pulse surveys
- Communications and change management
- Program and process optimization and technology workflow

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