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| CHECKLIST GLOBAL EMPLOYERS : COMP & BEN FOR EXECUTIVES AND MANAGERS |

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| **SECTION 1: NATIONAL OR INTERNATIONAL EMPLOYMENT ?** | |
| **National employment** | |
| **International employment** | |
| * Temporary secondment or transfer? * Applicable employment law? * Applicable social security law? * Applicable tax law? |  |
| * Simultaneous employment in more than one country? * Applicable employment law? * Applicable social security law? * Applicable tax law? * Salary split? * Guarantee to return to same or similar position? |  |
| * Expat status? * Beneficial tax regime? * Specific benefits (COLA, housing …)? If so, exempted from social security contributions? * Net salary guarantee? |  |

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| **SECTION 2: LEGAL OBLIGATION TO PROVIDE CERTAIN BENEFITS ?** | |
| * On the basis of an international legal source?   *E.g. the EU Posted Workers Directive provides that in the case of an employee’s secondment within the EU or Switzerland, the latter will be entitled to certain ‘hard core’ employment rights (including salary) that apply in his/her host country.* |  |
| * On the basis of the national law governing the employment? * An end-of-year premium (thirteenth month)? * Holiday pay? * Premiums or benefits provided for in CBAs? * Other fringe benefits? * Is severance pay determined by law? * Other? |  |
| * Impact of mergers and acquisitions: obligation to take over comp & ben of the transferor ? |  |

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| **SECTION 3 : COST MONITORING – WHICH FACTORS HAVE AN IMPACT ON THE COST ?** | |
| * The applicable social security law * Which rate for social security contributions applies? * Which benefits are exempted from social security contributions or benefit from a reduced rate ? |  |
| * The applicable tax law * Which tax rate applies? * Which benefits are exempted from tax or benefit from a reduced rate? |  |
| * Which entity within the group will cover the cost   E.g. the parent company pays for the benefit plan of its affiliates   * Quid corporate and employee tax/social security? * Risk of the parent company becoming a co-employer? * Equity plans: which security laws apply (insider trading …)? |  |
| * Have you considered the ripple effect of certain benefits?   *E.g. in some countries bonuses/benefit plans must not only be paid-out as such, but must also be taken into account to calculate holiday pay, overtime pay, severance pay, pension contributions, etc. which substantially raises the cost*   * For which benefits is such the case? * Is a clause in an international plan excluding these benefits from other calculations valid? |  |
| * Do you have an effective global strategy to reduce and control benefit costs? |  |
| * Does the executive employee/manager also execute a corporate mandate? * Which (additional) remuneration package or the reimbursement of which costs are common for a corporate mandate? * What tax and social security regime applies? |  |
| * Is the cost of the comp & ben package a decisive criterion to localize executives rather in one country than in the other or to establish an ‘employment company’ (company of the group located in a particular country employing all the executives who are then seconded from that country to other countries) ? |  |
| * Can/must the cost be reduced by consolidating providers and administration? |  |

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| **SECTION 4 : GLOBAL OR LOCAL BENEFITS FROM AN HR-PERSPECTIVE** | | | | |
| * **Can the following benefits be determined globally?**   Yes = green yes, but with restrictions = orange no = red | | | | |
| ***Benefit*** | ***Colour*** | ***Restrictions*** | |
| Bonus plans : STI and LTI |  | * Do you keep in mind local differences when defining the definitions of the plan *(e.g. no bonus when dismissed ‘for good cause’ means different things in different countries)* * The targets will have to be set locally * Is only performance valued or also potential? * Can employees claim they have a vested right on the bonus? * Are claw back-clauses enforceable? * Don’t forget to check whether personal data can be transferred cross border. | |
| Equity-based plans (e.g. stock options, restricted stock, RSU, …) |  | * Do you keep in mind local differences when defining the definitions of the plan * Do you keep in mind the social security and tax effect of grants for both the grantor employer/headquarters and for plan participants? * What about insider trading, security and corporate laws? * Are clawback-clauses enforceable? * Don’t forget to check whether personal data can be transferred cross border. | |
| Sales Commission plans |  | * Do you keep in mind local differences in legislation *(e.g. obligatory provisions)* * The targets will have to be set locally * Can employees claim they have vested rights on commissions according to local law ? * Are claw back-clauses enforceable *(e.g. clauses that let the employer claw back paid but unearned commissions)*? | |
| Severance pay plans |  |  | |
| Tuition reimbursement programs |  | * Can the employer claw back tuition from a participant who drops out of the course early, fails or quits the job according to local law ? | |
| Medical plans |  |  | |
| Occupational pension plans |  |  | |
| Expense reimbursement plans |  | * The kind of expenses and the amounts exempted from social security contributions and tax differ from country to country. | |
| Tax equalization |  |  | |
| Housing and school allowances / COLA |  |  | |
| Company car |  | * Local tax and social security laws should be taken into account. | |
| Holiday pay |  |  | |
| End-of-year premium |  |  | |
| Luncheon vouchers |  |  | |
| * **Do you keep in mind local cultures and demographics when determining an international comp & ben policy to make the package attractive to a local employee?**   *E.g. medical insurance and employee assistance programs are popular and desired by employees in the US as the US has no socialized government medical care system. This is different in Continental Europe. In Europe company cars are expected by executives and often tax-advantaged.*  Are the following benefits legally required (LR), common (C) or uncommon (UC) in the applicable country? | | | | |
| ***Benefit*** | | | ***LR/C/UC*** | |
| Bonus plans : STI and LTI | | |  | |
| Equity-based plans (e.g. stock options, restricted stock, RSU, …) | | |  | |
| Sales Commission Plans | | |  | |
| Severance pay plans | | |  | |
| Tuition reimbursement programs | | |  | |
| Medical Plans | | |  | |
| Occupational pension plans | | |  | |
| Expense reimbursement plans | | |  | |
| Tax equalization | | |  | |
| Housing and school allowances / COLA | | |  | |
| Company car | | |  | |
| Holiday pay | | |  | |
| End-of-year premium | | |  | |
| Luncheon vouchers | | |  | |
| * **Are employees allowed to personalize/customize their remuneration package?** | | | | |
| * **Do you focus on rewards that matter to employees?** | | | | |
| * **Do you have a transparent global comp & ben policy?** | | | | |
| * **Do you have a formal process in place to ensure fairness in compensation?** | | | | |
| * **Are non-financial rewards included in the benefits package?** | | | | |
| ***Benefit*** | | | ***Y/N*** | |
| Flexible working time | | |  | |
| Homework (allowance) | | |  | |
| Career management/education | | |  | |
| Extra paid time-off/number of holidays | | |  | |
| Talent mobility program | | |  | |
| Wellness program | | |  | |
| Other | | |  | |
| * **Do you have a global grading system?** | | | | |
| * **Do you keep in mind local pay discrimination laws?**   They can force an employer giving a benefit to one class of employees to offer that same benefit to all equivalent or higher employee groups or not only to FT employees but also to part-time employees | | | | |
| * **Is consultation or bargaining with local employee representatives obligatory to introduce/amend/discontinue a benefit plan?** | | | | |
| * **Do you comply with local language laws?**   E.g. laws in Belgium, France, Chile, Portugal, … require that all employee communications, including comp & ben plans, be communicated locally in the local language. | | | | |
| * **Do you comply with data protection laws when transferring data to foreign countries for the administration of a global compensation plan?** | | | | |