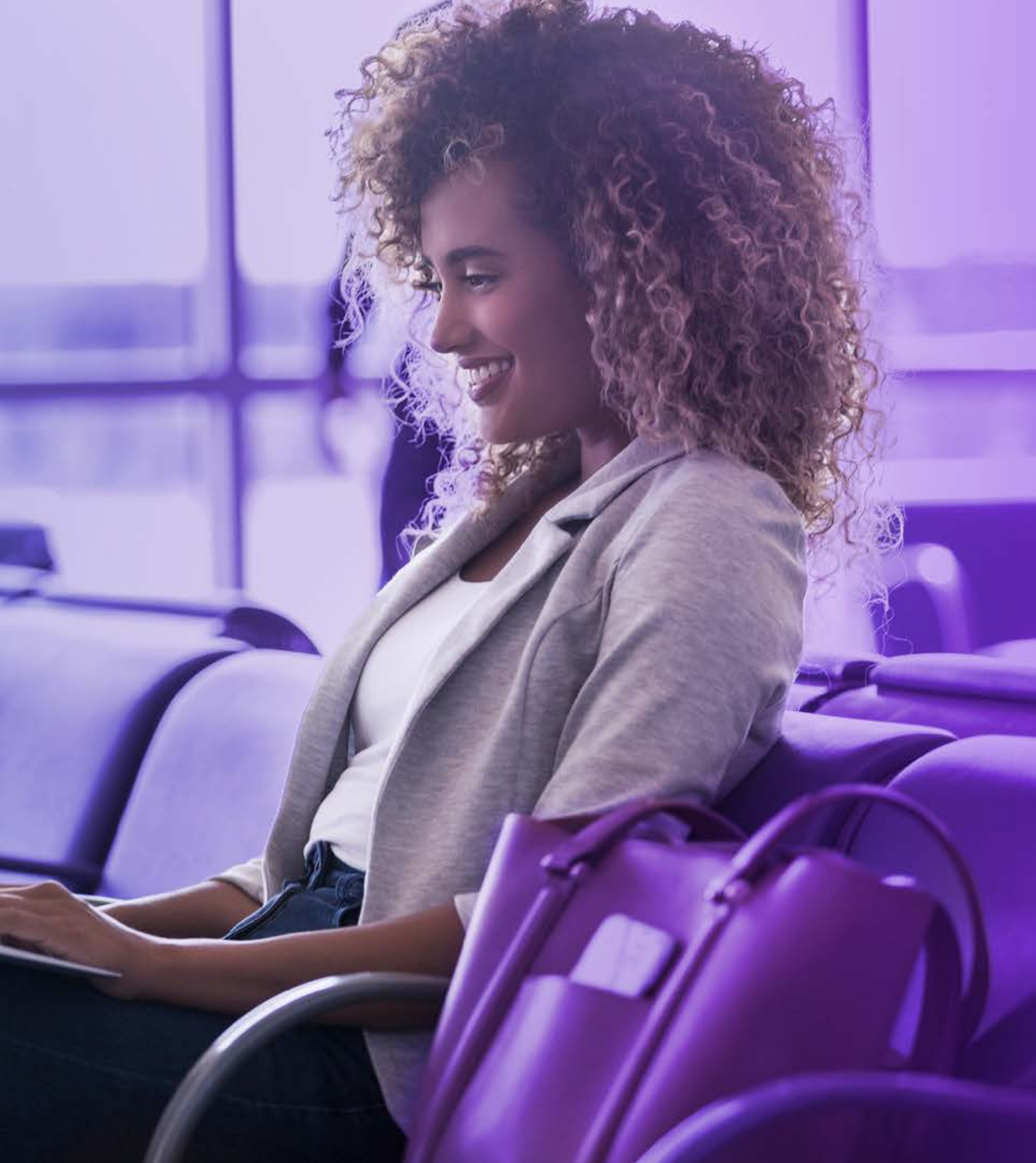
Your move abroad

Answers for the top 50 common questions



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Introduction

If you are reading this publication, it means you have an exciting opportunity to improve your career while expanding your personal horizons. In addition, if you have an accompanying spouse/partner and/or children, they too are about to embark on an exciting adventure during which they will meet new people and explore new cultures.

However, even though this is a tremendous opportunity, you probably have a number of concerns. Moving to a new location, especially a new country, requires attention to many details, both personal and professional, and your move is so much more than just the physical shipment of your household goods.

Therefore, if your employer extends an international move offer, you should evaluate the opportunity from various perspectives, including:

- What lasting impact will the move have on your career?
- What personal adjustments must be made by you and your family?
- What is the financial impact to you and your family?

This booklet addresses employees' many commonly asked questions regarding international moves. Since no two international move programs are alike, these questions and answers are by necessity very general in nature. Specific queries regarding your specific individual situation should be directed to those responsible for your company's global mobility program administration.

When making the decision to take an international move, the personal adjustments you will face can seem overwhelming. These can most effectively be addressed on a face-to-face basis with advisers who specialize in cultural adjustment and counselors who deal with relocation. Current and former globally mobile employees and your employer's global mobility program administrator can all address many of your questions. In addition, there are a myriad of materials available online or in print.

The potential impact of an international move on your career is ultimately dependent upon your employer's culture and business needs. You should meet with both line management and human resources representatives to identify the potential long-term effects of your international move on your organization and the plans for future utilization of an experienced "internationalist" (which you will become).

The material in this booklet is a general guide, is not country specific, and is intended for use by globally mobile employees from any country. However, for the benefit of U.S. outbound employees who will continue to have a U.S. tax filing requirement, we have included some general U.S. information in the tax section.

General compensation and benefits

1. What are some of the financial factors I should examine prior to accepting my international move?

You should evaluate both the current and long-term potential financial impacts of your international move.

On a current basis, some of the major items to review are your expenditures for relocation, daily goods and services, host country housing, impact of taxes, local transportation needs, and, as applicable education cost for your accompanying family members. Evaluate how the international move and your employer's global mobility compensation package will help you:

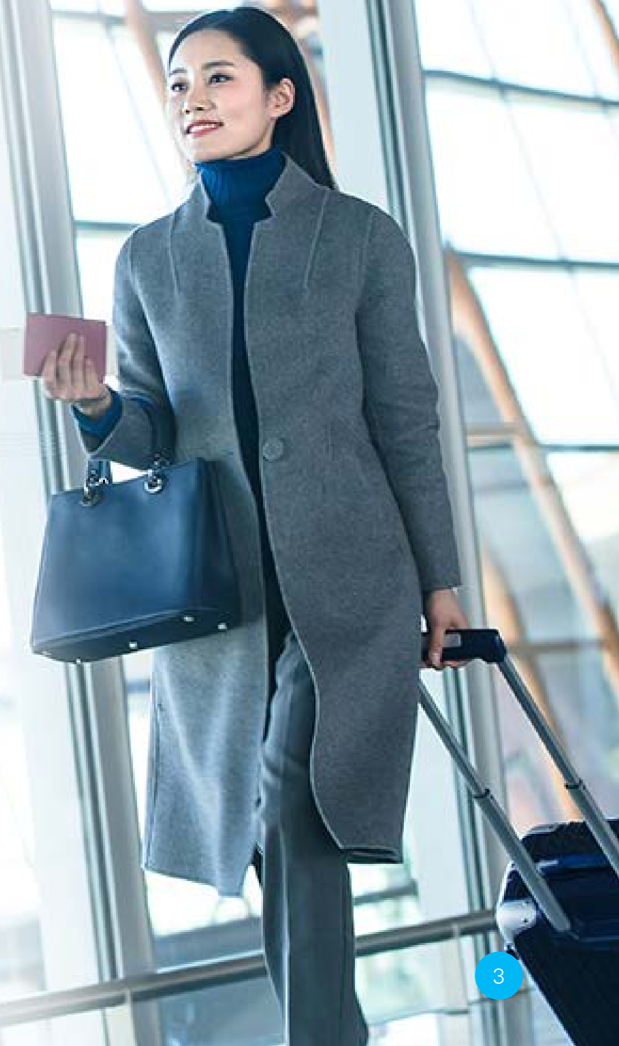
— Meet your financial obligations,

— Maintain your standard of living, and

— Continue to meet your financial and personal "life" goals.

Determine to what extent you might be required to incur duplicate costs at your home location as well as the host country location and consider steps that can be taken to reduce the occurrence of such duplicate costs.

From a long-term perspective, you should review the impact, if any, on your ultimate retirement benefits (private, company-provided, and Social Security), and, if possible, assess the potential for increased compensation once you have gained international work experience.



2. Will my expatriate compensation package be significantly different from my current compensation package?

Employees who work in a home (domestic) location are generally compensated differently than employees who are sent on international moves, for reasons described below.

— Employers have utilized a number of different approaches for compensating globally mobile employees. The three most common approaches are:

— Home country-based—Based on compensation and living standard of home country peers.

— Host country-based—Based on compensation and living standard of host country peers.

— Headquarters based—Based on compensation and living standards of the organization's headquarters country, regardless of whether the employee has lived or worked in the headquarters location.

Organizations create policies based on various factors, such as, but not limited to, length of stay, host country locations, demographics, mobility type (e.g., developmental, project-based, training), and employee requested. Generally speaking, no single approach is better than the other.However, as the home country-based approach is the most commonly used, this booklet focuses particularly on the elements of the home country-based package.

Regardless of the compensation approach underlying your mobility package, it is important to recognize that due to factors such as fluctuating rates of currency exchange, different country tax systems, and different costs-of-living between home and host countries, almost every international compensation approach differs, often in substantive ways, from how employees are compensated domestically. In short, because of these factors, your compensation will be different while you are living and working abroad.

3. What is the balance sheet approach?

The "balance sheet" approach to international compensation is the most commonly used methodology among multinational employers and is most often affiliated with the home country-based compensation approach described above (though it is used for the headquarters approach as well). The balance sheet is based on the assumption that you will spend most of your base salary on three major categories of expenditures: taxes, housing, and daily goods and services. The assumed allocation of your available funds among these categories is dependent upon your family size and salary level. The remainder of your salary (discretionary income) is not allocated among expenditures, but is assumed to be saved, invested, or used for any other purpose. This discretionary income is normally paid in the home country and seldom remitted to the host country location. However, it is important to understand that the way the balance sheet is implemented varies from one company to another.

If you are on a host country-based package, the balance sheet does not apply, as you are being compensated with your host country peers and not your home country peers. Therefore, there is no home country versus host country comparison.

4. Is it true that expatriates are able to save and invest a considerable portion of their mobility package compensation?

Generally, compensation policies are designed to ensure the employee does not significantly gain or lose compensation during their move. This is in line with the "balance sheet" approach and also reflective of the fundamental methodology of tax equalization, which is a leading tax reimbursement approach by global organizations.

Nevertheless, some employers may pay "incentives" such as foreign service or mobility premiums and location-specific hardship premiums to encourage employees to accept certain international moves, especially moves to countries with harsh climates, or those that are underdeveloped or potentially dangerous.

5. My company has equity compensation as part of my compensation package. How will that be affected?

Your company will inform you of the changes, if any, to your equity compensation package. However, you should understand the impact your move may have on the taxation of your equity compensation (current and future). As countries differ in their tax treatment of equity compensation (e.g., some tax at grant, vest, and/or sale), to ensure proper consideration of the tax ramifications and identify ways to mitigate associated tax impacts, companies typically recommend that employees contact their tax service provider before taking any action with regard to their equity compensation.

6. How will my health insurance be impacted?

Generally, you may continue contributing to your company's health insurance plan, and, depending on its terms and conditions, it should "travel" with you. That said, your healthcare benefits may require supplemental coverage while you are travelling away from home. Many organizations have a global health insurance plan that will cover the cost of healthcare while you are outside of your home country. Your HR/Global Mobility contact should explain to you what kind of medical coverage you (and your family members who travel with you) will have in the host location and any associated costs entailed. They may also provide you with a listing of doctors in your host location you may wish to consider. In cases where you are not covered in the host country by your existing plan, coverage under an international or "expatriate" health insurance plan may be available. Depending on your host country location, you may be covered under the host country's state-run health system.

7. How will my retirement plan be affected?

Retirement benefits are very organization-specific, so depending on how your international move and your organization's retirement plans are structured, you may or may not be able to stay in your current retirement plan. You should discuss your options with your employer, who may, where applicable, offer alternative mechanisms so that you can continue to contribute to your retirement.

Cost-of-living allowance or goods and services differentials

8. What is a goods and services differential (or cost-of-living allowance)?

A goods and services differential (GSD)—also known as a cost-of-living allowance (COLA)—is intended to reimburse you for the difference between the cost of goods and services in your host country location and the costs of similar goods and services at home. The amount of the differential or allowance depends on your salary level, your family size, and the cost-of-living standards in your host location in comparison to your home location. To assess the difference in the cost of goods and services between your home and host locations, a theoretical "market basket" of goods and services is used. This "market basket" is comprised of goods and services from more than a dozen different categories and is compared to a similar "market basket" of goods and services in the host location. The portion of the "market basket" allocated to these different categories is determined using extensive survey data and is representative of typical spending patterns in your home location (home spendable income). Cost of the comparable goods and services, along with availability in the host location are factors that are considered when determining the additional costs in the host location. The differential/allowance is typically reviewed on a regular basis and is will be adjusted to incorporate changes in both inflation and foreign exchange fluctuations whenever they exceed pre-established parameters. Please note, if you are on a host country based mobility package, a COLA does not apply. This is because there is no home/host comparison, as you are being compensated according to host location, so your salary factors in the cost of goods and services from a host perspective.

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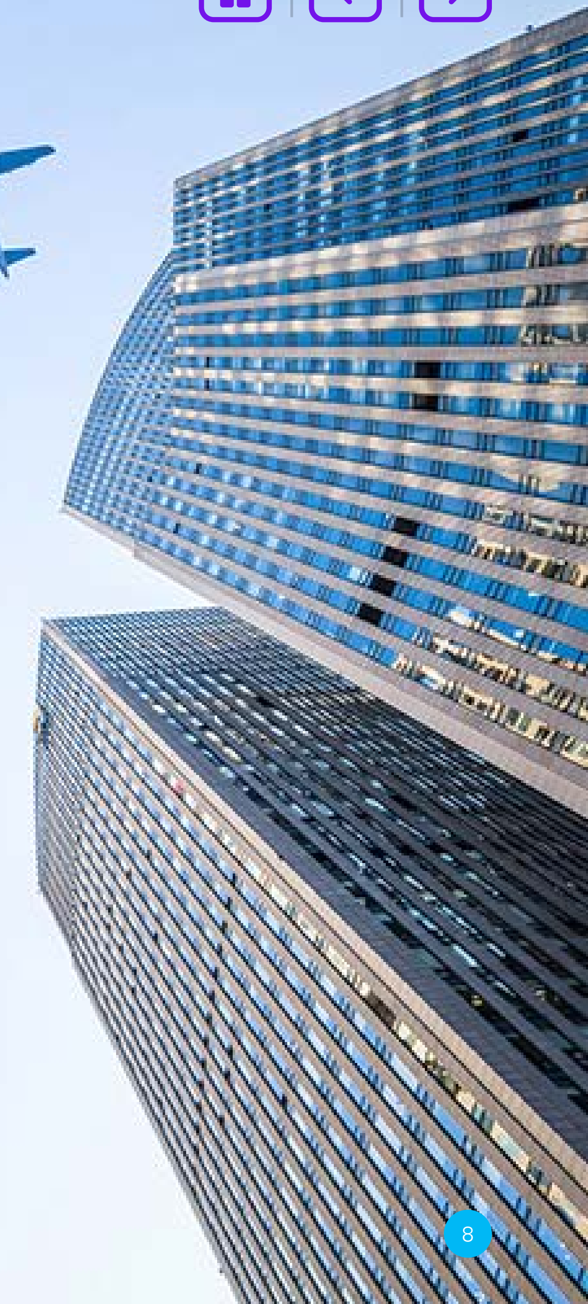
9. How is the COLA determined?

The cost of living allowance (COLA) is an equalizing benefit and is designed help protect your purchasing power while you are living abroad. As such, an independent consulting firm calculates the differential in costs between the home and host country locations and will develop an index that measures the relative costs. The home location is assigned an index of 100. If costs of goods and services are higher than at the home location, the host location index is more than 100. The COLA is intended to offset the additional costs of goods and services in the host country location so that you do not incur additional every day costs while living abroad. To protect your purchasing power, the index is applied to your home country spendable income. Spendable income is the base salary that is normally devoted to the purchase of goods and services (such as food, clothing, entertainment, medical care, etc.). The amount is not a fixed percentage of base salary; rather it varies according to your location of origin, income level, and family size. Applying the index to the home country spendable income results in the amount needed to maintain the same home country expenditure patterns in the host county. Prices of goods and services and the rate of exchange rate are compared between the home and host locations at regular intervals and the COLA is updated to ensure there is no shortfall or windfall due to changes in either location.

10. My COLA is significantly different from that received by my neighbor (also a mobile employee, but for a different company) who earns a comparable salary. How can these allowances be different if they are both intended to make the recipient whole?

Some companies account for certain elements of the goods and services index in other ways, either through direct reimbursements or delivery of benefits-in-kind, such as reimbursement of certain travel or living expenses. In order to account for these different approaches, the independent consulting firms that are used to determine these differentials/allowances will adjust the indices based on how each company is delivering these policy provisions. Although companies' total mobility compensation packages are typically very competitive within their peer industry groups, how these employers evaluate and deliver these packages may vary to satisfy industry specific demands and their internal corporate cultures. For these reasons, it is extremely difficult to compare specific elements of one package to another, especially if the employers are in different industries or peer groups. In addition, it is important to remember your family size and specific point-of-origin (e.g., City A versus City B) can cause COLAs to differ even if your peer in the host location is making a comparable salary.

Housing allowances and norms



11. I have heard that housing in foreign countries is more expensive. Why is that?

This depends on your host country location as in some locations, in fact, housing may be less expensive than in your home location. But, in cases where the cost is higher, there may be several reasons for the difference. First, it is important to remember that we are addressing expatriate housing. Expatriates normally rent, and rents are generally higher than if one was paying a mortgage to build equity in a home. Also, expatriates have different needs as compared with locals in the same location. Expatriate children often attend international schools. Therefore, housing near the international school tends to be expensive, as there is a demand for the location. Security is also an issue. Depending on the host location, some areas may be considered safer for expatriates.

Expatriates from one part of the world moving to another (e.g., United States to Thailand or vice versa) would encounter drastic differences in living situations. Therefore, a limited amount of preferred housing for the expatriate is available depending on his or her country of origin. Along these lines, it is not unusual, especially for expatriates who are not fluent in the host country language, to gravitate towards areas/communities that are also home to expatriates who share t he same language, culture, etc. Given the desirability and usually limited housing stock in such areas, prices are typically higher. Company policy and package are important considerations for how the actual price of housing will affect your housing responsibility.

12. How will I be able to afford housing in foreign countries where the costs are so much higher than in my home country?

As part of the cost equalization process or balance sheet approach, multinational employers generally take the cost of housing into consideration when structuring international move compensation packages. Policies are designed to equalize your housing costs while you are abroad. The intent of providing housing assistance, in most cases, is not to transfer the entire cost of host country housing to your employer. Rather, your employer may provide financial assistance in the form of an allowance, furnished or unfurnished company-owned quarters, or accommodation rented in the company name. In a majority of cases, the assistance provided will normally equal in excess of the host country housing costs above a standardized home location cost. Please see question 15 for further details on some of these approaches.

13. How do I identify appropriate housing for my family and myself?

Locating housing in a foreign country can be a challenge without assistance. Your employer may have in-house relocation professionals to help you. Or you may engage an outside vendor specializing in relocation or destination services. Housing for employees typically is identified based on a number of factors, including compensation level, proximity to the workplace, safety, access to colleagues and compatriots, and the image that your employer wants you to project at the host location. The input for this decision can come from outside advisers, as mentioned above, mobile employees already "on the ground," and local management at your employer's host country offices.

14. Will I be required to sign a lease in the host country location?

There is no global standard addressing whether the employee or the employer should legally be the tenant and sign the lease. Most decisions are based upon multiple factors: the local custom and practice, and the significant tax advantages to be derived from a particular lease structure, and potentially immigration considerations. In certain jurisdictions, landlords will not rent residential premises to an employer unless a higher rent is charged. In other locations, landlords will not rent to international employees unless the employer is listed as the tenant. In addition, it is sometimes tax effective for the employer to be the tenant and pay the rent directly to the landlord. If the policy requires that your employer's legal or human resources group review the lease prior to your signing, make sure before you sign that they have completed their review and you have complied with any recommendations and requirements. Lastly, regardless of who signs the lease, it is a good idea to assess the need for personal liability insurance to protect against unforeseen events, just as you would at home.

15. Will I have to bear a significant portion of the housing costs while I am living abroad or is my employer going to provide me with some assistance?

Your housing responsibility will largely be based on your company's policy and length of stay in the host country location. With many policies we see employees are expected to bear the same level of housing costs as their peers at home. Many companies facilitate this process by retaining a home country housing norm from base salary. This norm is unlikely to equal your pre-move costs, as it is a statistical blend of the costs of owning (less mortgage principal) and renting across a broad cross-section of the population. In some cases, if your employer decides not to charge a norm, it will often not provide any type of home country housing support as a result (e.g., property management, storage). Either way, the employer's aim is not to provide free housing to an employee—so, contributing to your housing will come in one form or another. However, employers may offer some form of housing assistance. This can be delivered in a number of different ways. For example, a housing allowance may be added to your compensation and included in each paycheck. Also, your contribution to housing costs may be subtracted from your paycheck (known as the housing norm/offset/deduction). Other organizations may deliver a "net" allowance, that is, the housing allowance minus the employee's contribution is delivered. Another important aspect to delivering housing allowances involves the host country's tax rate on an employer's contribution to housing. In some locations, it is more beneficial for the employer to pay the landlord directly in order to obtain the lowest tax rate on the amount of the housing allowance, as opposed to paying the allowance to the employee and having the employee pay the landlord. In those locations, the employer may pay the rent in full and still deduct a monthly housing norm from the employee's compensation.

16. Should I buy a residence in my host country location?

Policies differ, but generally employees are discouraged from purchasing a home in the host country. From a policy perspective, if an employer provides housing assistance to an employee who rents and to another who owns, the employer is helping the home-owner build equity, while the renter has nothing to show for the rental payments made to his or her landlord. This results in unequal treatment of employees. The intent is for the employer to aid the employee in securing suitable safe housing, not fund investments in real property.

In addition, purchasing a home can trigger tax issues, which, in most tax reimbursement policies, will not be covered by the employer, even if you argue that the house was purchased as a result of the move. Domestically, when you sell your home for more than what you paid, that capital gain is taxed (this tax may be mitigated depending on your having fulfilled certain conditions). However, when selling a home in the host country, income can result not only from selling the home for more than what you paid, but there could also be an exchange rate gain or loss depending on what the rate of exchange was at the time of purchase and at the time of sale .

Tax reimbursement

17. I have been told that the tax costs incurred during an international move can be significantly higher than if I had remained in my home country. Why should my taxes change?

The actual taxes you incur during an international move will differ from the amount you paid during your domestic employment. The change results from three factors. First, the amount of income on which you are taxable, in most cases, will significantly increase while you are abroad. The increase is due to the inclusion of all your allowances and differentials in your reportable income. Second, the tax rates in host jurisdictions in many cases will exceed the home country tax rates. Third, certain income items may continue to generate home-country tax during your time working abroad.

Although your actual taxes may increase significantly, your out-of-pocket payments should remain fairly consistent. The majority of multinational employers have adopted tax reimbursement policies to help ensure that their mobile employees do not bear the incremental tax costs resulting from the above factors. With these approaches, your tax cost is typically limited to the equivalent of the amount that would be payable had your international move not taken place ('hypothetical taxes on stay-at-home compensation'). The company would typically be responsible for the worldwide employee taxes (host country and home country) in excess of your responsibility (hypothetical taxes) on all your company paid compensation.

18. My employer has a tax reimbursement policy. What does that mean to me?

There are two main types of tax reimbursement policies: tax equalization and tax protection. If your employer has adopted a tax equalization policy, this helps ensure that you continue to bear approximately the same tax costs during your international move as you would have incurred had you stayed at home. Under tax equalization, employees pay a hypothetical tax on those compensation items which would have been received at the home location had they not accepted the international move (stay-at-home income). Some employers also tax-equalize investment and other outside/personal income. (Outside/personal income generally includes all income received and losses incurred by an employee, other than compensation received from the employee's employer. Typical items would include interest, dividends, capital gains and losses, rental income and losses, self-employment income and losses, spouse's compensation, and income and losses from pass-through entities such as partnerships or trusts.)

Under a tax equalization approach, you will bear the same hypothetical tax regardless of whether the actual taxes generated during your time working abroad are greater or less than that amount. Accordingly, taxes should not be a factor in determining whether to accept an international move.

In general terms, your employer would pay all the actual taxes generated by income covered under its policy. Simultaneously, the company would retain hypothetical tax from your stay-at-home compensation. If any tax is generated by your personal/outside income, you may be required initially to pay the actual taxes. After your host and—where applicable—home country tax returns are completed, a tax reconciliation will be prepared to determine your final hypothetical tax, which is your real tax cost under tax equalization. If your payments exceed this amount, you would receive a refund from the company. If this amount exceeds your payments, you would be required to pay the shortfall to your employer.

If your employer has adopted a tax protection policy, then you will never bear more tax during the international move than would have arisen at the home location. However, if the actual taxes incurred during your time working abroad happen to be lower than the home country hypothetical tax, you would retain the difference. Because a potential windfall may exist in low-tax jurisdictions, taxes can be a consideration in determining whether to accept one international move rather than another under tax protection. From an employer's perspective, the value of an extended international work opportunity to your career generally should not be influenced by the financial windfall you might receive.

19. What is hypothetical tax? And how does my employer determine how much hypothetical tax to retain from each paycheck?

Hypothetical tax approximates the income taxes that you would have incurred if you had not accepted an international move. Many employers impose not only a hypothetical federal/ national tax, but also hypothetical state/province/canton and local/ municipal/city taxes.

Typically, there are two elements to hypothetical tax:

— Hypothetical withholding tax is retained as stay-at-home compensation is paid; and

— Final hypothetical tax is determined after your tax returns have been completed and your annual reconciliation is prepared.

In order to determine how much your employer will retain from your paycheck, depending on your employer's tax policy, an estimate of the hypothetical tax on your stay-at-home compensation will be calculated based upon your marital status, family size, salary level, and itemized deductions, hypothetical or actual depending upon your employer's policy.

20. Will my employer pay all the foreign taxes that arise during my time spent working abroad?

Under tax equalization, your employer will usually pay all the host country taxes you incur. Depending upon the terms of your employer's policy, you might be responsible for the taxes generated by your outside/personal income.

As an expatriate, you are generally subject to the tax laws of your host country location in addition to those of your home country. The expatriate tax policies of most employers, therefore, have two primary objectives:

— Equitable treatment for all expatriates regardless of host country location, and

— Assessment of a tax burden comparable to that of a counterpart at home

These objectives are met in most multinational organizations through the process of tax equalization, whereby an employer deducts a hypothetical home-country tax from an expatriate's base salary. The employer then pays all home-country and foreign tax obligations, either directly or through reimbursement.

An expatriate assigned to a low-tax country does not reap a windfall in comparison with an expatriate in a high-tax country or in comparison with a domestic counterpart; nor is an expatriate in a high-tax country forced to pay extra taxes. Thus, expatriates neither gain nor lose purchasing power as a result of any given tax situation.

21. What are hypothetical itemized deductions? (For U.S.—outbound employees only)

Hypothetical itemized deductions are an estimate of what your itemized deductions would have been on your income tax return had you stayed home. The reason policies address hypothetical deductions is because, as an expatriate, your actual itemized deductions would change, and may be less than those you incurred prior to accepting your international move. In order to calculate a hypothetical tax that approximates your stay-at-home tax, an assumption must be made as to the level of itemized deductions that would have been incurred at your home location.

How a company calculates hypothetical deductions varies from policy to policy. In some cases the employer, based upon input from independent advisers, determines the amounts. Others could apply a flat percentage of base salary for all expatriates, regardless of what they had prior to the move. Another example is a modified hypothetical itemized deduction, which takes into account both actual and hypothetical taxes paid. Variations will depend on numerous factors such as the culture of the employer, demographics of the population, size of the population, administrative abilities, and in-house versus outsourced expertise.

22. Why doesn't my hypothetical state tax equal the actual state taxes that I paid prior to my move? (For U.S.—outbound employees only)

Once again, each employer varies when it comes to hypothetical state tax. Examples of how your hypothetical state tax may be calculated are as follows: 1) Using your home state tax rates; 2) Applying the state tax rate of the employer's headquarters location; and 3) Determining an average "one-state" rate to be applied to all expatriates. While there are other variations that organizations may apply, each one will determine which method is most in line with the organization's culture, location of the employee's home state, administration costs, and in-house versus outsourced preparation of the calculations, as well as various other factors.

23. Will I be subject to hypothetical tax on outside/personal income as well as my compensation?

A: In all probability, yes. The current trend is for employers to impose hypothetical tax on outside/ personal income and to pay any actual home and host country taxes generated. However, not all employers treat this income in the same fashion. Some companies put a cap on how much outside income can be equalized. Others exclude specific types of income, such as the capital gain on the sale of a principal residence or a spouse's compensation. In other cases, passive losses generated by rental real estate may be allowed for hypothetical tax purposes on either an actual basis as deducted on the current return or on a hypothetical basis as if only stay-at-home income was reported. It is also important to note that if the employer does not impose a hypothetical tax withholding on outside/personal income, the employee may be responsible for the actual tax liability on that income. The outside/personal income that is considered equalized would vary based on the company's global mobility policy.

Tax compliance and planning

24. I have never even prepared my own tax returns before moving abroad. How will I prepare an expatriate tax return or foreign tax return?

Employers typically retain the services of an international accounting firm to prepare and file your home and host country tax returns on your behalf during your move and potentially in the year(s) following your move. If your employer does not provide such a service, it is recommended that you engage the services of a reputable tax professional or tax services firm with experience preparing individual income tax returns for expatriates. During your time abroad, best practices would include keeping track of work days/non-work spent in each country, documenting major tax events such as getting married, having a child, or buying a house, and saving various brokerage statements relating to equity transactions. This will greatly help the tax return preparation process go smoothly.

25. How will I know if I am responsible for the balance due to the tax authorities when my return is filed or if I am entitled to any refunds?

Under both tax equalization and tax protection policies (as discussed above), an annual reconciliation would be prepared after your returns are completed. The reconciliation would be prepared by either an outside accountant engaged by your employer to prepare your tax returns and the reconciliations, or internally by your employer. Your final hypothetical tax liability determined through this process is then compared to any actual tax payments you made during the year, or with the return plus any hypothetical withholding tax retained from your compensation. This process determines if you are entitled to retain any refunds from the government, or receive a refund from your employer—or whether you must make a payment with your return, or to your employer.

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26. Why didn’t I receive the benefit of the expatriate exclusions or foreign tax credits when my hypothetical tax reconciliation was prepared? (For U.S.-outbound employees only)

U.S. tax laws provide that you may exclude up to a specified amount of foreign earned income and an additional amount equal to qualified foreign housing costs in excess of an Internal Revenue Service (IRS)-determined base housing amount, if you satisfy either of the two Internal Revenue Service IRS tests for having a tax home in the foreign country (the Bona Fide Resident or Physical Presence test). In addition, your U.S. tax generated by foreign income can be offset by foreign tax credits subject to certain limitations. Your hypothetical tax is determined as if you had remained in the United States. You would not have qualified for the exclusions nor the foreign tax credits if you had not moved abroad. As a result, neither the exclusions nor the foreign tax credits are taken into account in calculating your hypothetical tax.

27. Will I be required to file state income tax returns while I am assigned abroad? (For U.S.-outbound employees only)

There is not a simple answer to this question. It depends on numerous factors, including: — Where were you residing prior to your move? — What contacts have you retained with that state? — Has your family accompanied you on the move? — Do you expect that you will return to the same state after you complete your move? Many states tax individuals on the basis that they are domiciled or working in that state. In those cases, states commonly assert that an individual has not changed his or her domicile by accepting a temporary move overseas, and should continue to pay local taxes. Fortunately, some of these states have passed statutory exceptions stipulating that individuals will not be taxed as residents even if they continue to be domiciled in that state while on international move for a sufficiently long period of time. Because the tests for each state are different, it is advisable that you consult your tax adviser prior to departure to determine your state tax status. Even if you are required to file a state tax return while you are abroad, you might not bear the tax costs. If your employer’s tax reimbursement policy imposes a hypothetical state tax, then the company will be responsible for the actual state taxes generated by income covered by the policy. Due to the complexities in this area, it is advisable to review your state tax position with a tax consultant.

28. I have completed my move and returned to my home country. When will I cease to be covered by the company’s tax policy?

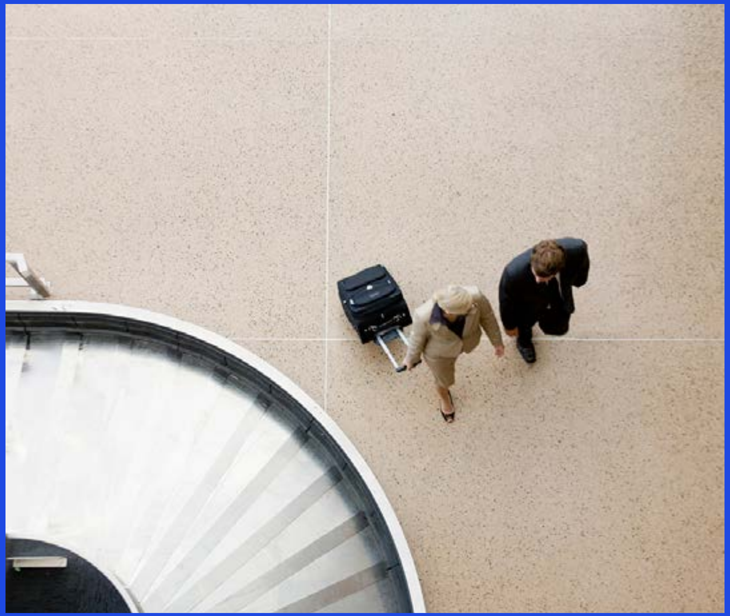
Employers often provide tax return and tax equalization assistance in one form or another as long as you continue to receive any payments, or the company makes payments on your behalf, related to the international move. Typical payments made after your repatriation include relocation costs, bonuses, and foreign taxes.

Based on your company’s policy, additional tax support may be provided in subsequent years to cover any trailing move costs. Please consult your in-house HR/global mobility team advisors or your employer’s mobility policy to confirm tax support coverage duration.

Immigration

29. Why can't I enter the country and begin working abroad with just my passport and a tourist visa?

Visas have been categorized specifically to help countries monitor the movement of people across their borders. If you are going to a foreign country to work, you will need a proper visa—in the majority of cases, this must be obtained before you leave your home country. Many visas, such as work-related visas, are limited in the number issued each year. Entering a country under false pretenses is not only illegal, but also may jeopardize your chances of obtaining a work permit. Therefore, it is important to be compliant with immigration laws. Please consult your in-house global mobility and immigration advisers or professional immigration counsel recommended by your employer well in advance of your move. Lastly, as each country's immigration application requirements and turnaround time greatly vary, it is important to exercise patience and understand that follow-up may be necessary.



30. How do I obtain the necessary visas and work permits?

Employers, on a fairly standard basis, handle immigration matters relating to the relocation of you and your family, including the procurement of your working papers. Whether you or your employer handles your immigration/visa matters, you should make every attempt to finalize the arrangements before you relocate. Some employers offer assistance for spouses in obtaining visas and work permits. Please consult your in-house global mobility and immigration advisers or professional immigration counsel recommended by your employer well in advance of your move.

In general, global mobility policies mirror the organization's domestic policy on benefits to domestic partner. Even if your company provides assistance, from an immigration perspective, the host country may not allow for nonmarried partners to obtain residency permits. Please consult your in-house global mobility and immigration advisers or professional immigration counsel recommended by your employer well in advance of your move.

31. I have a domestic partner. Will he or she be able to accompany me on my move?

In general, global mobility policies mirror the organization's domestic policy on benefits to domestic partners whether the partner is of the opposite or same sex. However, even if your company provides assistance, from an immigration perspective, the host country may not allow for nonmarried partners to obtain residency permits. Please consult your in-house global mobility and immigration advisers or professional immigration counsel recommended by your employer well in advance of your move.

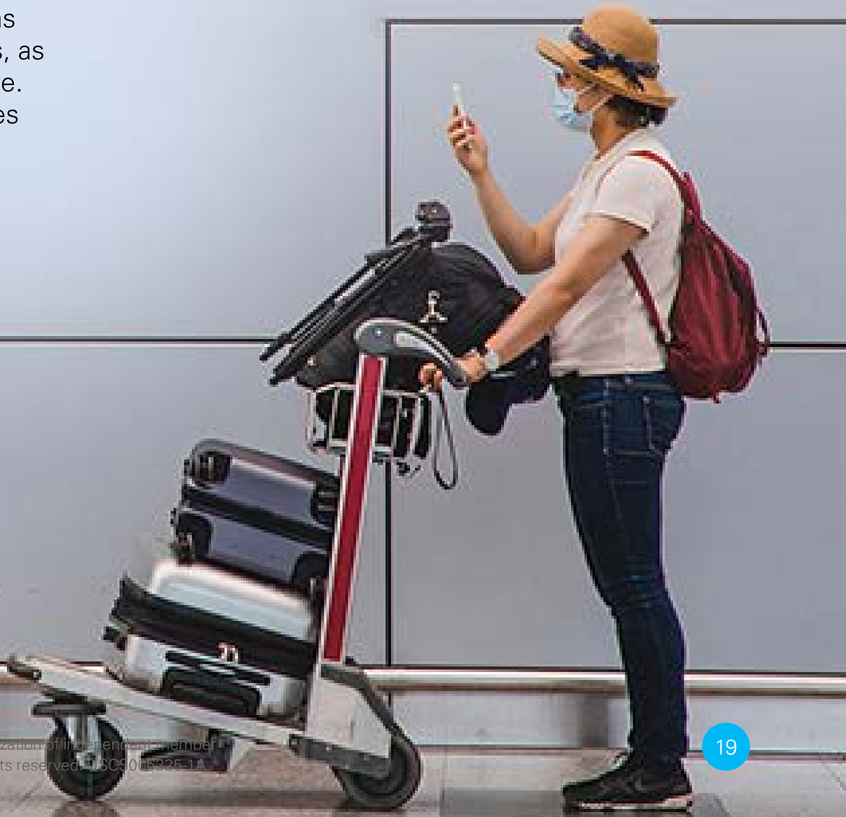
32. Is a medical exam required to obtain a visa and work permit?

Possibly. Each country has different requirements for obtaining visas and work permits. Some countries may require a general physical examination and/or have specific requests, such as a chest X-ray, or blood work. Also, depending on the host country, you may be required to visit a physician specified by the host country consulate (in your home country) while other countries may allow you to see the physician of your choice. The specific requirements of your host countries should be confirmed well in advance of your move start date. Even if an exam is not required, it is a good idea to have one before moving to the host country location. (In addition, you should check if any medications you are taking are available in the host location and/or if you can bring them into the country.)

International move preparation and relocation

33. How does international relocation differ from domestic relocation?

The primary need in a domestic relocation is to move personal belongings and travel to a new destination within the same legal, currency, and tax systems, as well as maintaining a similar type of household. With an international relocation, logistics such as greater travel distance, visa needs and customs requirements, as well as moving to a new country and adapting to a new culture. An international relocation typically involves significant changes which could require additional support.



34. How can I and my family members become familiar with our host country location?

You and your family should learn as much as you can about your host country location before you depart. A trip to the host location before the actual move is a good idea to get a taste and feel of that location which is soon to become your new home. Also, consider accessing online research and informational materials on your host country and host city/town. Expatriate clubs and online communities, blogs, and discussion forums can offer opportunities to glean personal insights from people who have experienced living in that location, as well as sources for helpful "real life" tips on social customs; weather; suitable attire; schools; postal, medical, and banking services; retail, recreational, and transport amenities; etc.

Organizations often include cross-cultural training and destination services in their policies. Cross-cultural training can be provided in many forms from self-study to classes from third-party providers. Destination service providers, depending on your company's policy, can assist in finding a home or grocery store, or help you to obtain a driver's license.

If you lack foreign language skills, you should arrange for language training. If English is not the predominant language at the host country location and foreign language skills will be necessary to enhance your performance and effectiveness, language training may be required for you and your family prior to departure. If continued training is necessary after your arrival, your children might receive it at their school, while you and your spouse could receive private tutoring.

35. Are there any common guidelines regarding the shipment of personal property and effects at company expense?

Company international move or global mobility relocation policies should provide specific guidelines regarding shipping and/or storing goods during your move. Although the policies vary by company, within companies by destination and the availability of furnished accommodations at the destination, there are certain common elements to many policies. Limits on total weight of the shipment, with specified limits for air shipments, which accompany the employee as well as surface shipments which may follow are normally already established. Items that are often excluded include; cars, boats, pianos, airplanes, antiques, collectibles, guns, and wine/liquor. There is no consistent rule with respect to the shipment of household pets. If you employer makes no provision for pet transport, there are firms that deal with international pet transport which you may wish to investigate. They can help you understand the issues you are likely to face in taking your pet with you to your host country (e.g., possible quarantine).

36. Should I sell my automobile or ship it to the foreign location? Will my employer provide an automobile or assistance in acquiring an automobile while I am working abroad?

Many companies provide automobile assistance and policies are designed to protect you in a "forced" domestic sale and/or foreign purchase or lease of a personal automobile necessitated by the international move. It is usually much more economical to sell your automobile before departure because few employers will reimburse auto shipping charges. Furthermore, employers typically do not provide storage for the vehicle while you are working abroad. If you are considering storing the vehicle, you should evaluate the impact of long-term storage.

It is important to also bear in mind that emission requirements and safety standards differ greatly country-to-country and can be expensive to comply with if you are bringing your automobile to your host location. You may also want to consider the local transit options available, as an automobile may not be needed.

37. Will automobiles be significantly more expensive at my host country location?

This depends on the country and make of automobile, among other factors. In some countries, the basic cost of an automobile may be low, but when value-added tax is added, and considering the generally higher cost of running the vehicle (e.g., higher petrol/fuel prices in other countries and insurance), it might indeed be more expensive as compared with your home location. In many parts of the world, when considering both the purchase price of the automobile and the operating cost, acquiring a vehicle can become considerably more expensive than in the home location. Your employer may offset some of these costs or your goods and services allowance may cover excess operating costs. In some situations, you may be offered a company car, or a driver.

Before purchasing or leasing an automobile, it is advisable to determine whether one is needed—or even practical—at your location. In many locations, local transit options are more common for those who live and work in the area. Speak with your local colleagues or destination services to get more information.

38. Should I sell my home before I move abroad?

There are numerous factors to consider before selling your home, including:

— Are you likely to return to the same location after your international move?

— If you do return, are you likely to live in the same home or apartment?

— If you sell your home, how does this impact your long-term investment planning?

— If you sell your home in a depressed real estate market, will your employer provide any protection against loss on the sale of the home?

— If prices rise dramatically while you are abroad, will you be able to re-enter the real estate market upon repatriation?

— If you incur a tax on the sale of your home, will your employer protect you against the tax?

Many employers do not want their employees to sell their homes when they accept international moves. These assignments are usually considered temporary in nature and the employee is often expected to return to the same location upon repatriation. The issue of whether employees should sell their homes should be considered on a case-by-case basis.

39. If I rent my home while I am abroad, what will be the potential financial impact to me?

Depending on your personal financial situation and tax jurisdiction(s), there could be various tax and financial implications if you rent your home while abroad. Items to consider and get more information around before making this decision may include:

— Local rental market and potential cash flow

— Expected operating costs compared to expected rental income

— Tax implications (home and/or host) while you rent the home and if you eventually sell the home you previously held available for rent

— Support from your employer, if any, of operating costs

— Impact to your employer provided housing benefits, if any, while you rent your home

— Other intangible implications of renting the home you may wish to return to after your move.

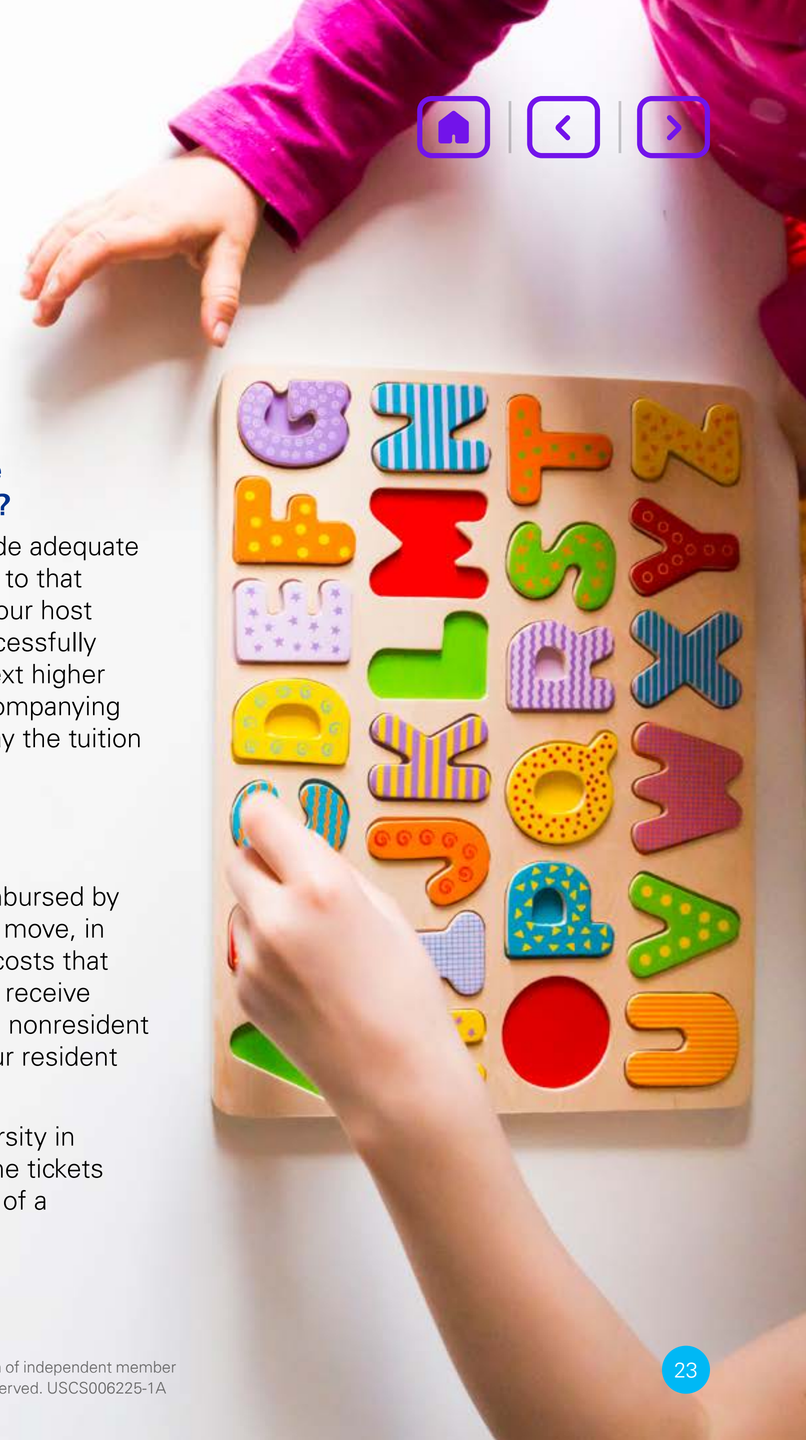
40. If I elect to keep my home vacant, what will be the potential financial impact to me?

Depending on your employer benefits while working abroad, keeping your home vacant may not impact you financially. For example, if your employer pays the full amount of your host country housing costs, you continue to incur your home country housing costs, just as if you were not working abroad. In some cases, although uncommon, your employer may assume you no longer incur home country housing costs while working abroad and deduct an estimated home country housing costs. Depending upon your reasons for leaving the house vacant, your employer may forgo collecting the housing norm. And for U.S. taxpayers, if you do bear the carrying costs without any offset from host benefits. Understanding your employer's policy around housing costs is important, as there may be exceptions.

Depending on your tax jurisdiction(s), your home or related costs may qualify for certain tax benefits. Although, these benefits may vary while you are working abroad, so it is also important to understand the tax implications of owning a home while working abroad and if there are any concessions in your employer's policy that account for changes to these tax implications as a result of your move.

Lastly, there may also be costs to maintain the property and provide regular upkeep, depending on the length of your move.

Children's education assistance



41. How can I be confident that my children will receive education comparable to our home country system?

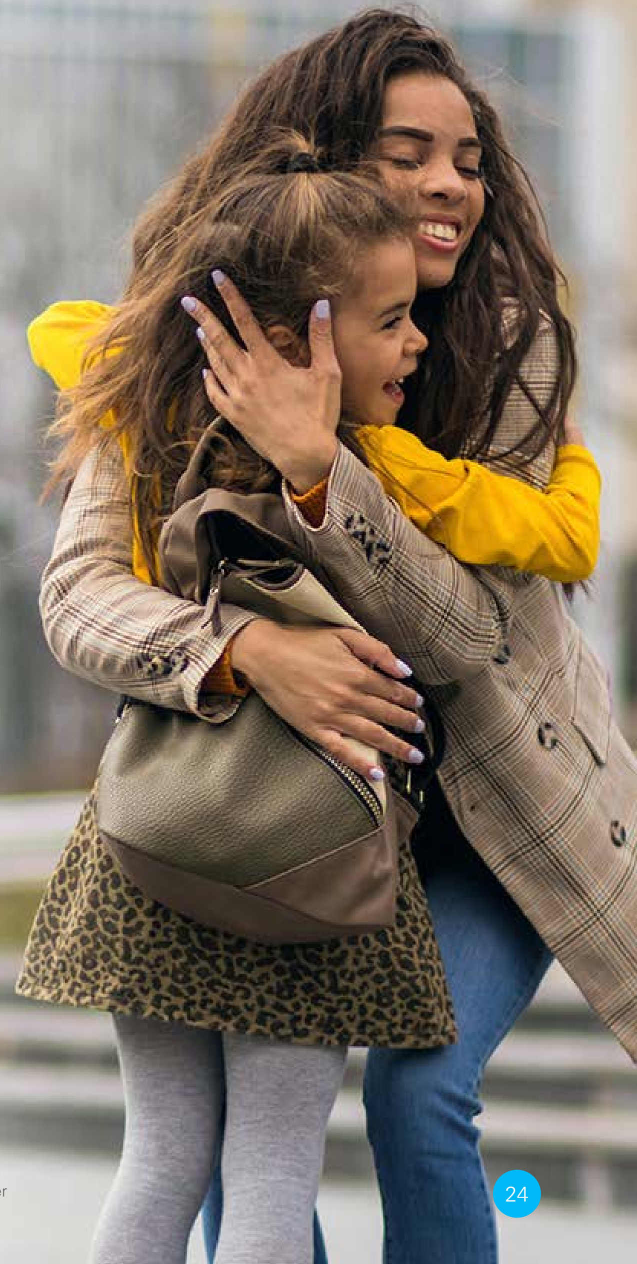
Many companies provide education assistance intended to provide adequate elementary and secondary education for your children equivalent to that of public (state-run) education in the home country. A school at your host location is usually considered adequate if a student who has successfully completed a given grade at that school will be accepted in the next higher grade in a public school in the home country. Although most accompanying children attend private schools, many employers will no longer pay the tuition if adequate public schools are available.

42. Are higher education costs included in "dependent education" programs?

Higher education costs (e.g., college or university) are rarely reimbursed by multinational employers. If you had not accepted an international move, in all probability, you would have borne the same higher education costs that now confront you. The only circumstance under which you might receive assistance would be if your dependent is forced to pay increased nonresident tuition rates at state colleges or universities because you lost your resident status when you moved abroad.

In some cases, dependents who are attending a college or university in their home country may be entitled up to two company-paid airline tickets per year to visit their parents at their host country location in lieu of a home-leave ticket.

Home leave



43. Will my company provide my family with visits to our home country?

Most employers recognize the importance of maintaining and renewing relationships with family, friends, and business colleagues in your home country and generally will provide for one round-trip per year at company expense for you and your family to return home. Some employees take advantage of these trips home to maintain relationships with colleagues, keep abreast of home-office developments, and network, which ultimately can assist the employee in his or her successful repatriation back to the home office.

Returning home

44. When my temporary international move is completed, what provisions will be made for my repatriation?

To facilitate re-integration into your home organization, you should keep in touch with your human resources department and home country line manager throughout your time abroad. Most of the policies that assisted you in relocating abroad will be implemented again to smooth your transition home. Temporary living coverage, travel, moving expense, reimbursement of automobile disposal, reimbursement of settling-in costs, and housing assistance are generally provided. Your approved global mobility policy allowances will cease upon your return to your home country.

45. What if I decide I'd like to stay longer?

Some organizations may extend, or renew, an international move according to their business needs, but typically not at the request of the employee. In cases where the organization decides to extend or renew your international move, depending on the purpose of your international move and/or how long your initial move was intended for, you may be transitioned to a different global mobility policy (e.g., short-term assignment becomes a long-term assignment). In some instances, your organization could decide to "localize" you—this can happen for employees who have been working abroad for the maximum length of time, typically three to five years, under their long-term mobility policy and there is a desire to keep the employee in the host country. The process of localizing employees differs from employer to employer. In short, the basic premise is that the expatriate will no longer receive expatriate allowances and their home-based base salary will become a host-based salary, as if they are now a local hire. Companies may differ in the method they use to change the allowances and benefits. For example, some will phase out expatriate allowances over a specific time frame and others will stop all the allowances at once.

Another way of extending your international work opportunity is to undertake a sequential assignment to another location.

Other considerations

46. My domestic partner/spouse works. What issues should we consider before making the decision to take the international move? (We will use the term "spouse" to refer to both "domestic same or opposite sex partner" and "spouse")?

Before weighing the pros and cons, you should find out if your company provides some form of spousal assistance. Due to the increase in dual-career couples, many organizations have added provisions specifically for the spouse's use. Examples of types of assistance for your spouse are education reimbursement, work permit assistance (so that the spouse can work in the host location), allowances for résumé writing and job search, and other various forms, depending on the company.

After understanding the opportunities the spouse may have in the host location, there are other practical, and legal and financial issues that should be considered. For example, how will the loss of the spouse's income impact the household? How does the loss affect retirement benefits? Also, are these losses less of an impact to joint income in the long run, as the move may considerably help the employee's career? Will the spouse be able to re-enter the home country workforce upon repatriation at the same level as he or she was before the move? Also, and most importantly, will the spouse's career interruption impact the spousal relationship and family life? Spouses should reflect on what the pause in their career will mean for them emotionally. Finally, certain host country immigration laws may preclude same or opposite sex domestic partners/spouses from being able to accompany employees abroad for the intended length of time working abroad. Employees should consult with their HR/global mobility and immigration advisers regarding country legal requirements for entry and stay (see also question 31).

47. What if there is an emergency in the host country (i.e., natural disaster or civil unrest)?

There are third-party providers that specialize in helping organizations in times of crisis in host locations. Most multinational organizations are affiliated with a provider that can assist you and your family should an emergency occur in the form of, for example, a natural disaster, civil unrest, or a medical emergency. This information is generally provided to expatriates during the pre-move orientation.

48. Will my pay delivery be moved to new payroll?

Possibly. Your payroll may vary due to host country regulations, as well as your home organization’s practices. During your host country pre-move orientation, you should be informed as to how you will be paid while working abroad, which includes the compensation methodology, as well as delivery mechanism.

Please note that countries vary with regard to how employers and individuals remit taxes. For example, you might be used to having tax withholdings retained from each paycheck. However, some countries do not have tax withholdings, or you may see hypothetical tax withholdings pay instead. Please keep this in mind when learning about your payroll setup.

49. How does the company determine whether I will be eligible for a hardship allowance?

Employers typically rely on studies from independent data services providers and government guidelines in determining which host country locations merit hardship allowances. Not only do these studies identify the locations, but they also provide recommended hardship allowances as a percentage of annual base salary.

50. Will I need to change banks and notify credit card companies?

Not necessarily. However, in order for you to make this decision, it is important to reflect on what types of payments you will continue to have in the home country location, as well as what payments you will need to make in the host location. Then, determine whether you will need to make multiple wire transfers a month to keep up with your bills, how much does each wire transfer cost (some companies will reimburse a certain number of wire transfer fees per month), and, in doing so, how will exchange rates affect the amount being transferred. In addition, it is important to contact your credit card companies prior to departure to inform them of your move and that you intend to use the cards in your host location. Ask the card companies about the application of foreign exchange fees and determine if it makes sense to apply for a different credit card from another bank for greater global acceptability. While this may seem overwhelming, many expatriates maintain home and host country banking accounts, credit cards, or change to a larger global banking institution that has specific programs to assist people with responsibilities in multiple countries.

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