

How You Can Enable Mobile Workforces to Adapt and Thrive

December 2020

Fidelity's international benefits newsletter focuses on key issues impacting employer-sponsored benefit plans. This edition illustrates challenges employers are currently experiencing with their mobile workforce, along with trends and ideas for addressing these, managing cost, and supporting employees.

On the legislative side, in India, there have been changes to labor laws that will directly impact employers, including extending the eligibility of the mandatory gratuity scheme. Additionally, there is proposed legislation in China that would expand the social health insurance pool coverage, and redirects employer contributions from individual accounts to the social pool.

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India

The Parliament of India has approved four new labor codes that consolidate, streamline, and introduce several changes to the existing laws. The new codes are expected to be implemented by April 1, 2021. While there are many elements, some of the key changes impacting employee benefits include:

- Extending eligibility for the mandatory defined benefit gratuity scheme to fixed-term employees on a pro-rata basis (versus the current five-year service requirement for permanent staff).
- Further expansion of the definition of Social Security Eligible Compensation to include additional elements, including pension contributions. This will increase contributions to statutory retirement benefits, resulting in a decrease in take-home pay for employees, and an expected increase in liability under the mandatory gratuity scheme.
- Establishment of a social security fund, including several social benefits, for “gig” workers and the self-employed.
- Allowing employers who are required to provide childcare facilities to pool resources to provide common on-site or near-site childcare facilities.
- Requirement for employers to contribute to a fund to the amount of 15 days’ wages per employee dismissed in a collective dismissal, which employees will then be able to claim within 45 days of being dismissed.

Action Required

Employers should connect with local legal counsel to understand the full impact of the new labor codes, and work with their local teams to forecast potential liability increases.



China

The Chinese government is currently looking into changing the financing arrangement to the Social Security health insurance plan, commonly referred to as Social Medical Insurance (“SMI”).

Currently, expenses are paid from an individual account and a social pool that reimburse costs for medical care. Generally, the social pool covers hospitalization and outpatient claims, and the individual account reimburses for expenses not covered by the social pool. Most employers offer their employees private medical insurance, which reimburses their employees for claims paid through individual accounts.

Individual accounts are funded by employee Social Security contributions, and employer contributions fund both individual accounts and social pools, at a split of approximately one third and two thirds respectively.

The proposed changes would redirect all employer funding into social pools, with the intent of extending social coverage, and reducing individual/private claims.

Action Required

Employers should monitor the situation, given the large prevalence of private health care. It is possible premiums may see a decrease if private plans experience a reduction in claims.

How You Can Enable Mobile Workforces to Adapt and Thrive

The COVID-19 pandemic has pushed the boundaries on what employers used to think of as being resilient and competitive mobility programs. The fundamental mobility practices and resources that were intended to provide the conditions for a successful assignment are no longer enough in today's changing world. While it is difficult to predict future needs given the pace of environmental and economic change, mobility professionals are still being tasked with what they do best - adapt.

As lockdown restrictions are being reinstated in some geographies and partially released in others around the globe, and the workforce continues to acclimate to adapted working conditions, HR teams are under constant pressure to be more flexible and creative than ever. Supporting new business objectives, and a changing talent strategy, has forced companies to review their mobility offering while responding to changing business needs amidst concern over unintended consequences.

This article covers some of the most common challenges mobility professionals and companies have faced during the crisis. It also outlines a variety of actions and strategies for HR teams to consider as they plan to ensure that returning employees can thrive in the post-COVID-19 workplace.

What challenges continue to impact mobile employees and multinational companies since the start of the pandemic?



Border/travel restrictions and lockdowns

Presenting challenges in keeping businesses operating and managing compliance, with constantly changing entry and quarantine requirements.



Minimizing the risk of infection to employees and dependents

Not all assignees can work from home, and some work environments (e.g. laboratories, health care facilities, oil rigs, etc.) present challenges to employers in protecting their staff.



Struggling host country health care systems

Many health care systems are overwhelmed. Accessing routine medical services and planned treatment is becoming more challenging.



Inadequate mental health supports

The need for mental health support has increased with the impact of COVID-19, yet international access to local support can often be very limited.



Cost pressures

Despite an increased need for support, many companies are being forced to seek opportunities to reduce costs to ensure business survival.

What are employers doing to face these (and other) challenges?

Due to the unique and changing nature of these challenges, employers are focusing on adaptable strategies to help them manage emerging risks, optimize cost, and support their employee population.



Managing risk

Identifying risks

- **Assignees at higher risk.** For current assignments, companies are identifying those assignees and dependents who may be at higher risk (due to pre-existing conditions) or who may be in high-risk locations (particularly countries with struggling health care systems). The goal is to ensure that these employees have more frequent interactions and proactively address any needs that may arise. Additionally, employers will want to ensure that these assignees are aware of existing resources to support them during the assignment and identify any gaps.
- **Potential for ancillary cost impact.** Since the start of the pandemic, many providers have added pandemic-specific products and services (such as telemedicine) to provide support to the virtual workforce at a very low, or no, additional cost. Some employers are keeping track of this to understand the terms of these additional services and whether they will come with an additional cost in the future.

Travel restrictions and preparing for quarantine requirements

- **Quarantines.** Regulations relating to quarantines change constantly, forcing employers to keep a close eye on key assignment destinations and ensuring that employees are briefed with the most up-to-date information. Furthermore, where quarantine periods are required upon arrival, employees and families may need extended temporary living arrangements and may also experience delays on the transportation of household goods. Some employers have adjusted allowances and destination services support to address additional expenses during the employee's confinement.
- **Compliance.** Employers are looking into potential compliance issues arising from challenges meeting deadlines for work visas and new tax liabilities from extended stays. Most are engaging their tax and immigration consultants to identify these liabilities and leverage temporary extensions and ad-hoc processes. Additionally, companies are setting up processes to ensure that employees are aware of restrictions, and that an agreed plan is in place to help manage any change.
- **Testing protocols.** Many countries now require an internationally-recognized diagnostic test with a negative result, with the sample to have been taken within 72 hours of travel. While requirements may change at relatively short notice, some employers are sourcing private testing through vendors that can provide faster results before departure. Testing may also be required on arrival in the host country and, depending on the work environment, employees may be required to quarantine before they attend their place of work. All of these eventualities need to be built into the process.



Managing cost

Market review of plans

At the start of the year, many plans to review insured benefits were put on hold due to the pandemic. Providers will be keen to attract new business in 2021 and as such, could be able to offer more competitive rates than planned in 2020. In the case of medical plans, it's important to consider claims experience, as it would likely be favourable this year (due to the difficulty in claiming during national lockdowns), presenting the opportunity for employers to negotiate profit sharing with their existing vendors rather than moving to a new vendor.

Reviewing assignment policies and practices

- **Benefit levels and eligibility.** Rather than simply cutting cost across the board, some employers have taken a more holistic approach to examining benefits and allowances by assignment type and length. For example, certain allowances may be provided at different levels based not only on family size and assignment countries, but also on assignment goals, length, or even pay grade. This has led to financial economies.
- **Revisit localizations.** The current environment may offer an opportunity for companies to review their existing long-term assignments to identify potential candidates for localization. Depending on what the company negotiates with these employees, savings could be achieved during a transition period that may range from one to three years.
- **Virtual assignments.** While it may be debatable whether or not this is a new type of assignment, some employers have implemented a combination of business travel and remote work for some key positions. Since this approach typically allows for the employee to better manage COVID-19 risks and stay on home country benefits (assuming payroll is not changed), this is an alternative that some employers have implemented to save on expatriate allowances and other relocation expenses. There can be associated tax and regulatory issues which need to be considered to see if this is a viable option.
- **Move to a shorter assignment length.** Some employers are moving more towards short-term assignments and business travel, while training local resources. While being more cost effective, it also supports the development of local talent, thereby supporting the diversity agenda.

Supporting assignees and increasing the chances of success



Education before the assignments

- **Pre-assignment requirements.** Mobility professionals will typically provide an overview of the cultural environment and assignment benefits to employees before travel. Since this process can be overwhelming for the assignee, many companies have implemented new pre-assignment requirements, and issue more frequent communications and reminders to both employees and their dependents. For example, employers may require assignees to fully register for their international health care plans, virtual doctor services, Employee Assistance Programs ("EAPs") and even embark on cultural and environmental trainings before they travel.
- **Recurrent follow ups.** Since local conditions within countries change regularly, many employers schedule more frequent follow ups with assignees to discuss their assignment and how their family is managing the transition. More recently these discussions have been focused on dealing with the pandemic. This is

important when managing expectations with the assignee about local country capabilities, specifically when it comes to the treatment of COVID-19 and the difficulties of COVID-19 related evacuation.

- **Pre-assignment health checks.** Given that some assignees and dependents may be at higher risk to COVID-19 due to pre-existing conditions, it is very important for employers to manage expectations with assignees. Implementing voluntary pre-assignment health checks may help individuals understand these risks and identify additional support needs or potential issues if moving to high-risk locations.



Expatriate EAPs

Local or home country EAPs are typically not appropriate to support assignees. In most cases, assignees must deal with language and cultural barriers that local plans are not usually equipped to handle. Expat-specific and global EAPs have developed capabilities that are more appropriate to support international assignees and their unique needs.



Virtual doctors

Telemedicine has understandably become much more common for multinational companies during the pandemic, particularly with assignees due to treatment access issues. Most telemedicine providers are now equipped to help with everyday care, prescription pharmacy, mental health, wellness and prevention, and musculoskeletal issues. Many multinationals have taken the opportunity to review and benchmark their virtual doctor offerings to ensure that they provide adequate coverage and support in all countries and languages. Additionally, postal prescriptions have become more prevalent, with international assistance coordination vendors now offering this service.

Next steps and future planning

As you review business priorities and talent goals for your mobile population, consider the above trends and strategies. Employers now have the challenge and opportunity of reviewing and adapting their global mobility offering to ensure the plans they offer employees are fit for purpose and adaptable in this ever-changing world.

For more information

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Global Benefits Governance	International Defined Contribution Governance	International Retirement & Financial Wellness	International Health Care & Wellbeing	International Mobility	International Miscellaneous
<p>Design / implementation of a tailored global benefits governance structure</p> <p>International audit and compliance review of overseas plans</p> <p>Benchmarking and development of global policies and standards</p> <p>Independent ongoing support to global benefits committees</p> <p>Advice on global financing opportunities, including risk financing</p> <p>Training on best practices in international benefits management</p>	<p>Developing fiduciary and compliance oversight and policy for international DC plans</p> <p>Cross border implementation of best practice and group policy</p> <p>Development of preferred provider arrangements to drive operational and financial efficiency</p> <p>Support on enhancing employee experience through developing & implementing communication best practice</p> <p>Ongoing support to global benefits committees</p>	<p>Retirement</p> <p>Benchmarking/ setting of globally consistent financing assumptions</p> <p>Advice on opportunities for de-risking in respect of retirement plans</p> <p>Consolidation of financial reporting & budgeting</p>	<p>Health care</p> <p>Vendor selection for international health care policies</p> <p>Advice on strategies to improve employee behaviors and reduce health care costs</p> <p>Development of health care policies to improve financial/ operational efficiency</p>	<p>International Mobility Policy</p> <p>Overall assessment / design of mobility framework and policies</p> <p>Vendor assessment and selection</p> <p>Alignment with talent strategy and assignment goals</p> <p>International Benefits Programs</p> <p>Support with design and implementation</p> <p>Support with stakeholder engagement</p> <p>Ongoing Support</p> <p>Day-to-day plan management</p> <p>Support with budgeting</p> <p>Support with complex cases</p> <p>Vendor management</p>	<p>Development of global insurance programs to reduce costs / commissions and improve operational efficiency</p> <p>Advice on country benefits practice (both mandatory and typical practice)</p> <p>Support for benefit aspects on mergers, acquisitions and divestitures / splits</p> <p>Independent second opinions on local advice</p> <p>Strategy to respond to legislative changes</p> <p>Facilitation of global stock plan advice</p> <p>On-site support and benefits leadership</p>
		<p>Financial Wellness</p> <p>Benchmarking/ implementation of global best practice</p> <p>Design/ implementation of programs to support financial well-being</p> <p>Vendor selection and oversight for globally consistent local implementation</p>	<p>Wellbeing</p> <p>Global wellbeing education strategies & programs</p> <p>Benchmarking and deployment of global wellbeing programs</p> <p>Vendor selection for International providers</p>		

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