

Paragon Pulse



Making Sense of Currency Rate Fluctuations

April 2008

The Cost of Doing Business

US outbound assignments show no signs of slowing down, despite the continued weakening of the US dollar. In fact, 75% of the companies surveyed noted no change in the interest of US candidates to accept assignments abroad. An even greater majority of those surveyed have no plans to adjust relocation policies to respond to the current conditions, suggesting that programs are already structured to keep their global mobility programs on track.

In keeping with the philosophy of "keeping the assignee whole," only 9% of companies felt it was the employee's responsibility to absorb the exchange rate fluctuations. Most companies address exchange rate fluctuations through various means such as adjustments to compensation and at-post allowances at fixed intervals.

Split-Pay

Split pay is an overall compensation method designed to reduce expense related to currency exchange fluctuations and conversion / transfer fees.

In the model, the base compensation is paid through the home country payroll, with at-post allowances paid from the host country payroll in the host currency. Using a predetermined fixed exchange rate, the assignee is protected from daily fluctuations. In addition, split-pay allows the assignee to receive funds directly in the currency required to address the financial obligations.



Survey Participation

April's Pulse data represents results from 24 corporate relocation professionals in the following industries:

Industrial Manufacturing	42%
Technology	12%
Other	12%
Financial Services	12%
Consumer Products	8%
Retail	8%
Energy	4%

Final survey results are included in this document.

Paragon Pulse



Survey Results

April 2008

Have you experienced a decrease in interest of US candidates to accept international assignments due to the weakening US dollar?

Often	0%
Somewhat	25%
No	75%

What is your current compensation methodology for international assignments?

Home Country	54%
Host Country	25%
Split Pay	12%
Other	8%

According to your corporate compensation practices, who is responsible for absorbing the exchange rate fluctuations?

Assignee	9%
Company	70%
Other	22%

Do you have a Best Practice? Email us at consultingservices@paragonrri.com



Paragon Pulse



Survey Results

April 2008

How frequently do you review / adjust compensation and/or assignee relocation benefits to account for currency rate fluctuations?

Fixed at beginning of assignment	17%
Monthly	13%
Quarterly	13%
Semi-Annually	17%
Annually	17%
Threshold	13%
Other	9%

When processing expense reimbursements, which date is used to determine exchange rate?

Incurred	43%
Submitted	17%
Received	4%
Processed	22%
Other	13%

Do you anticipate any modifications to your compensation approach or international provisions in response to the weakening US dollar?

Yes	9%
No	91%

Questions or comments? Email us at consultingservices@paragonrri.com or visit the News section of our website at www.paragonrri.com

