



# GLOBEX UPDATE

## HEALTH & BENEFITS

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*Events, developments, and opportunities in the international marketplace*

### POLAND ENACTS PENSION REFORM

Starting in 2018, Poland plans to reform their pension system. Under the new reforms, which is similar to the pension reform taking place in the UK, workers would be automatically enrolled into a corporate pension scheme, of which 2 per cent of their gross earnings would be paid into the new private funds. The program introduces Employer Capital Plans (PPKs), and Individual Capital Plans (IPKs) for small companies. There would be a three-month window in which they can opt-out. As part of the reform, employers would match the 2 per cent contributions. According to one expert, the key to the pension reform success, relies on private sector involvement from the start. It needs a high employee participation rate, so workers must understand that the system is not obligatory, and additional contributions are their choice. Making employee participation the default option in company plans, and the support of employers, are key to raising the participation rate.

### SINGAPORE SEES COST OF EXPATRIATE BENEFITS RISE

The typical total expatriate package for Middle Managers in Singapore is US\$259,000, which makes it the 7<sup>th</sup> highest for expatriate pay packages in the region. When building an expatriate package, companies factor in three main components: cash salary, benefits and tax. Employers are realizing that the cost of providing certain benefits such as housing and education is the most expensive element of the pay package when relocating staff to Singapore. Due to these rising costs, employers are reconsidering how they set up their benefits packages for expat workers. Singapore enjoys a great reputation for providing an excellent quality of life, making it a desired location for employees when deciding to an assignment there. Companies are looking at ways to contain costs such as revising housing allowances or using an approach based around local salaries topped up with additional benefits. The most common approach, both in Singapore and globally, is to use the employee's salary in their home country as the starting point, then adjust for cost of living and any other allowances, and tax.

This model leaves little flexibility for employers as they are starting to look at alternative approaches, such as using the local salary is used as the starting point with or without some additional benefits such as an allowance for accommodation or children's school fees.

#### Success Stories

- Assisted client seeking additional information about availability, advantages and disadvantages of self-funding options to manage their group benefits costs in Canada.
- Completed group BTA marketing exercise for multinational tech company.
- Conducted expat remarketing review for US based manufacturing firm.

### AZERBAIJAN TESTS MANDATORY HEALTHCARE SYSTEM

At the beginning of 2017, Azerbaijan started a pilot program of compulsory health insurance which has been introduced in in two regions of the country; Yevlakh and Mingechevir. So far, the program has shown promising results health officials believe that very soon, the insurance can be implemented in every area of the country in due time. Under the policy, citizens are entitled to free, high-quality medical care and 1,800 medical services, including diagnostics and surgical procedures. For years, Azerbaijan has had a very poor healthcare system, and with the new health system in place it can signal a huge step for the nation's social policy.

*Recruiting and retaining key talent around the world remains a formidable challenge for HR management. More and more, a company's success depends on the ability to offer a competitive benefits package while remaining within budget. Globex Partner Brokers can offer their clients access to a range of products, capabilities and resources custom-tailored to helping multinationals optimize their employee benefits around the world. Contact any member of the Globex Health & Benefits Team to learn more.*

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