

# New York University

## University Policies

**Title:** Faculty and Administrators on a Short-Term Global Assignment Policy

**Effective Date:** May 1, 2012

**Supersedes:** N/A

**Issuing Authority:** Executive Vice President of Operations

**Responsible Officer:** Senior Vice President for Human Resources and Global Support

### **Policy**

It is the Policy of New York University (“the University” or “NYU”) that the University seeks to have its affairs conducted consistent with applicable laws and regulations, ethical norms, and accepted best practices. The University’s global assignment policies are grounded in the principles of commitment to employee safety and health/welfare, and of compliance with local laws and regulations.

### **Purpose of this Policy**

NYU is a Global Network University that operates in an expanding global environment. The purpose of this Policy is to define the principles, procedures, compensation and other benefits applicable to Faculty and Administrators who accept global assignments covered by this policy.

### **Scope of this Policy**

This Policy applies to all Faculty and Administrators who accept assignments away from their home country to work at an NYU degree granting campus for a period of over 7 weeks, but less than 12 months.<sup>1</sup> The Policy is intended to apply to Faculty and Administrators who are asked by the University to work at an NYU degree granting campus. For purposes of this Policy, home country refers to the point of work origin of the Faculty or Administrator and not to their country of citizenship or nationality.

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<sup>1</sup> It is the University’s policy to assist the Faculty and/or Administrator during the agreed upon length of assignment. If the Faculty or Administrator decides to arrive earlier or stay longer in the host location beyond the agreed upon time for reasons unrelated to the assignment, then costs associated with the additional time will be the Faculty or Administrator’s responsibility. For example, if an appointment is for an academic year, the University may provide a per diem or living allowance for the academic year only.

# Procedures for Implementation

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## **INTRODUCTION**

### **1. Policy Interpretation and Revision**

The University reserves the right, in its sole discretion, to change or repeal this Policy at any time without the University incurring any obligations or liabilities. Nothing in this Policy will be deemed to create a contract between the University and any Faculty or Administrator. NYU also reserves the right to structure elements of global assignment compensation, allowances, and/or reimbursements in the most tax efficient manner pursuant to applicable laws and regulations.

Unless otherwise indicated, the costs of the benefits described in this Policy will be borne or paid directly by NYU or reimbursed to the Faculty or Administrator by NYU.

All benefits provided to Faculty and Administrators by third-party vendors as outlined in this Policy will be delivered by organizations designated by NYU. NYU will not be responsible for any costs incurred by Faculty and Administrators with respect to the use of vendors other than those designated by NYU.

#### ***Application Outside of the United States***

University policies articulate the values and principles the University upholds and the obligations imposed on members of the University Community. Thus, University policies apply in connection with the operations and activities of the University regardless of location. As a Global Network University that operates in an expanding global environment, the University will encounter varying laws and business practices as it conducts its affairs outside the United States. To the extent that a University policy or a provision of a policy conflicts with the laws in another country, the University seeks to comply with the laws of the jurisdiction in connection with its operations and activities in that jurisdiction. However, differences between University policy and foreign laws may not be self-evident and can be complex. Therefore, whenever there is a question

regarding the University's legal responsibilities at locations outside the United States, the University's Office of General Counsel must be consulted to evaluate the University policy in the context of foreign laws and to advise on the appropriate course of action.

### ***Family***

The definition of family for purposes of this Policy will follow the domestic benefit plan definition of family in the home country. Determined by circumstances at the time of the global assignment, family can include spouse/domestic partner or domestic partner equivalent of same or opposite gender, and unmarried dependent children through the end of the month in which age 26 is attained. Family also includes unmarried, dependent children over age 26 who are mentally or physically disabled.<sup>2</sup> Other dependents living within the household will be considered for eligibility on a case-by-case basis.

It is important to note that while NYU recognizes domestic partners of same or opposite gender, there are countries that do not recognize such relationships and/or have immigration restrictions that may preclude domestic partners from obtaining a visa. Therefore, even though this Policy is intended to include domestic partners, it may not be possible for domestic partners to benefit from the Policy due to external reasons beyond NYU's control.

### ***Dual Career Couples: Both Employed by NYU***

The University recognizes that there may be instances when both spouses/domestic partners are working for the University while on international assignment. In such cases, the relocating family will be seen as one relocation. Therefore, assignment and relocation benefits will not be paid in duplicate. If, for administrative purposes, one of the employees needs to be deemed the primary assignment, then the employee who was initially asked by the University to fill a position will be considered the primary.

### ***Dual Career Couples: One Employed by NYU***

If the NYU Faculty's or Administrator's spouse/domestic partner is also going on an international assignment for his/her organization, then, if necessary, the move will be reviewed on a case-by-case basis for adjustment of benefits. Please note: if the other organization is providing certain benefits (e.g. shipment of belongings), the University will not substitute the benefit by paying cash in lieu of the provision.

### ***Currency***

All expenses paid in foreign currency should be reported in U.S. dollars. When submitting for reimbursement, the Faculty or Administrator should indicate on the proper form the conversion rate, as indicated by the University's banking institution, and the date the purchase was made. Any customary fee paid for currency conversion is reimbursable and should be supported by the receipt provided by the establishment that processed the conversion.

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<sup>2</sup> Please note: Changes in family size while on assignment are as important as they are during regular domestic employment and should be communicated to the University.

For additional information on reimbursements in a different currency, please refer to the NYU policy found at:

<http://www.nyu.edu/financial.services/cdv/policies-pgS4-93#open>

### ***Reimbursement***

In all instances in which NYU is reimbursing out-of-pocket expenses directly related to an assignment, the Faculty or Administrator is responsible for recording expenses contemporaneously, and obtaining and preserving original receipts for all expenses that will be submitted for reimbursement by the University. Failure to submit such receipts may result in denial of the requested reimbursement.

### ***Policy Exceptions***

Exceptions to this Policy must be approved in writing by the Provost, Vice Chancellor Strategic Planning, and Executive Vice President (“EVP”) for Health.

## **2. Assignment Letter**

All global assignments must be preceded by an Assignment Letter signed by the hiring authority and the Faculty or Administrator who is about to embark on assignment. All Assignment Letters are based on templates that have been developed and approved by the Office of the Provost, Office of General Counsel and the University’s Human Resources Department.

An Assignment Letter outlines specific details of the assignment including such elements as compensation, assignment duration, and expected dates of departure and return. The Assignment Letter is not an employment contract, but an addendum to the Faculty and or Administrator’s existing terms and conditions of employment.

## ***COMPENSATION OVERVIEW***

### **3. Objectives**

The Policy uses a home-based compensation philosophy. It is designed to:

- Ensure that Faculty and Administrators will not suffer a decrease in pay due to a global assignment; and
- Facilitate reentry by Faculty and Administrators to their campus of origin.

### **4. Base Compensation**

#### ***Base Salary***

Base salary is home-based; that is, it is set at the level paid to the Faculty or Administrator, as if the employee were continuing to work at the home-country campus. Base salary is used to determine the level of any University-provided benefits for which

the Faculty and Administrator may be eligible (e.g., pensions and life insurance coverage).

Annual merit increases also are home-based and will be made, if applicable, according to the home country scale.

## **5. Employee Benefit Plans**

### ***Medical Insurance***

Medical insurance normally is provided by a University-designated global medical plan, subject to plan requirements for eligibility. The intent is for the Faculty and Administrators to receive approximately equivalent medical coverage to that provided in the home country.

### ***Retirement Plans***

Where possible, the Faculty and Administrators will continue in the home-country retirement plan. However, Faculty and Administrators who are unable to participate in the home-country plan will be provided an approximately comparable retirement benefit option.

## **PREPARATION FOR GLOBAL ASSIGNMENT AND RELOCATION PHASE**

This section outlines the benefits that are provided to prepare the Faculty or Administrator for his/her short-term global assignment and to temporarily move to the host-country destination.

## **6. Pre-Assignment Orientation**

A pre-assignment orientation will be provided to aid the Faculty or Administrator and accompanying qualifying family, if applicable, in making more knowledgeable assignment decisions and to assist in the transition to the new location.

## **7. Medical Examination / Immunizations**

The host country may require a medical examination performed by a host-country designated physician in connection, for instance, with the visa application process.

The University recommends that Faculty and Administrators bring copies of relevant medical records for themselves and their family members to the host country when they relocate. This can assist a local doctor in cases where medical attention is necessary.

## **8. Travel / Visa Documents**

NYU will assist Faculty and Administrators to obtain the approvals, clearances, work permits, visas, and other documentation that may be required to permit them to perform the services contemplated by their assignment. Faculty and Administrators are responsible for coordinating with the designated contact in the Office of Global Services (OGS) and providing the required information and completed forms as soon as possible to secure required approvals, clearances and documentation, as obtaining them may be a

very lengthy process. Faculty and Administrators cannot relocate to their host countries and begin global assignments until all required approvals, clearances and documentation have been obtained.

## **9. Tax Orientations**

Faculty and Administrators are required to meet with the University-designated tax provider for an initial review of the University's tax policies and practices before departure. This consultation provides an opportunity to understand the tax issues related to the global assignment.

## **10. Cultural Orientation**

One important aspect determining the success of a global assignment is the ability to adapt to the local culture. NYU will provide a cultural orientation through an NYU-designated service provider. While the orientation cannot cover all issues, it is a valuable opportunity to prepare for the challenges that may occur upon arrival in the host country by increasing the understanding of the host-country culture, customs, and business protocol.

## **11. Shipment of Personal Belongings**

The home country will decide on an appropriate and cost effective way for the Faculty or Administrator to transport personal belongings to the host country taking into account cost considerations. Depending on the facts and circumstances of the move (e.g., length of assignment, number of dependents, host country housing), the allowance type will vary (e.g., excess baggage, air shipment, or allowance in lieu of actual transportation costs).

Additional guidelines and parameters are contained in the Appendix.

Type of shipment provided is at the University's discretion.

## **12. Home-Country Housing**

University apartments during short-term global assignments continue to be governed by the University's general housing policies. If a Faculty or Administrator going on short-term assignment meets the eligibility criteria (e.g., obtain approval if already occupying University housing) to lease a University apartment in his/her home country, the terms of that lease will continue to be governed by the University's general housing policies during the period the Faculty or Administrator is on short-term global assignment.

## **13. Temporary Living**

The "temporary living period" refers to the time from when the Faculty or Administrator leaves his/her permanent residence in the home country until he/she occupies permanent accommodation in the host country. During this period the Faculty or Administrator may be required to occupy temporary accommodation in the home country and/or the host country. In such cases, the University will assist in arranging the temporary

accommodation. Temporary living is limited to 30 days, which can be used in any combination between the home and host country.

#### **14. Miscellaneous Relocation Allowance**

The University recognizes that there are sundry costs associated with vacating one home and setting up another. If the Faculty or Administrator is not moving into furnished housing, in order to assist the Faculty or Administrator with these costs, a miscellaneous relocation allowance, up to a predetermined amount, will be provided to compensate for a variety of individual miscellaneous moving related expenses, not specifically reimbursed or covered elsewhere in this Policy.

Examples of the types of expenses that the Faculty or Administrator may choose to use this allowance for are:

- Installation and maintenance of appliances;
- Purchase of small appliances;
- Expense of initial housecleaning upon moving in to the host country residence;
- Telephone and television installation charges; and,
- Licensing and registration costs of automobiles, television sets, and radios, and costs of drivers' licenses.

#### **15. Travel to/from the Assignment**

The cost of travel for Faculty and Administrators and accompanying qualifying family may be provided, with travel to the host country within the standard NYU travel allowances, as detailed in the Assignment Letter and on the NYU website.

Please note: To keep members of the NYU community safer as they travel for University-related purposes, Faculty and Administrators are encouraged to register their travel with NYU Traveler to obtain alerts to events and conditions in their destination that may have an impact on their safety and well-being.

#### **16. Destination Services**

To assist in settling into the new environment, Faculty and Administrators may be eligible for services from a University-designated service provider in the host location. The services offered vary by location and may include the following:

- School selection for dependent children;
- Home-finding assistance and lease negotiation (if NYU housing is unavailable);
- Cultural and logistical orientation;
- Telephone and utility installation assistance;

- Navigation of host country transportation system;
- Shopping recommendations;
- Assistance with opening bank accounts, obtaining driver's licenses, local government paperwork, etc; and
- Healthcare and leisure activity guidance.

Details of available destination services will be provided during the pre-assignment orientation.

## **ON ASSIGNMENT PHASE**

### **17. Per Diem/Cost-of-Living Allowance**

The University recognizes that there may be a difference in the cost of living in the host location. Therefore, to assist the Faculty or Administrator a per diem **or** cost-of-living allowance (COLA) may be provided to the Faculty or Administrator. Whether a per diem or COLA is provided will depend on the facts and circumstances of each move (e.g., home/host country combination, length of assignment, tax efficient delivery) and will be determined by the host country.

#### ***Per Diem***

A per diem is designed to provide an allowance in a day rate. Per diem calculations assume that there is a duplication of costs and that the home spendable is still in the home country. They are typically used for short-term assignments, as the person would be maintaining a home in his/her home location. Per diems, in general, are not paid through payroll, but accounts payable. To the extent that they are taxable, per diems will be reported on annual tax statements and covered by the University's tax protection policy.

#### ***Cost-of-Living Allowance***

The cost-of-living allowance is an allowance paid to offset the higher costs of "goods and services," if any, in the host location, compared with those incurred in the home country. The differential is not intended to compensate for the total cost of living in the host country, but for the difference between home and host country costs. The differential is calculated by comparing the relative costs of a standard "market basket" of goods and services in the home country and the host country and incorporates the exchange rates.

A global compensation data provider has been retained by the University to provide information on spending patterns and cost-of-living for both home and assignment locations.

The global compensation data provider examines expenditures in a broad range of categories (both at home and away from home), including food, clothing, recreation, entertainment, household items, personal care, domestic help, transportation, and others. Items such as charitable contributions, savings, and investments are not included in the

cost-of-living studies. Items such as education, housing, and taxes also are not factored into this expenditure analysis, but often are addressed separately in other parts of the Global Assignment Policy. COLA is calculated on base salary only. Base salary for the purposes of this calculation is capped at prevailing standards.

The global assignment COLA for Faculty and Administrators is adjusted twice each year, as well as when there is a change in base salary, there are qualifying family size changes or a change in location. Please note: COLA is a dynamic number and it can fluctuate up or down depending on exchange rates and costs of goods (see appendix for more detail).

The global assignment COLA is paid as part of the normal pay cycle. COLA payments begin at the conclusion of the temporary living period, and continue throughout the assignment, including periods of temporary absence from the host country for reasons such as business travel and vacation. COLA payments are noted on the Faculty's and Administrator's NYU paystub.

## **18. Host Country Housing**

It is the University's intent that the Faculty or Administrator live in accommodations in the host country that take into account availability of housing, compensation level, and family size. The University's host country campus will determine the appropriate housing standard based on the occupancy requirements (e.g., family size) and University policy in place at that location, and, if available, it may be the University's preference that the Faculty or Administrator live in NYU housing. Faculty and Administrators should note that the type and quality of housing varies from country to country and they are unlikely to replicate the style and size of accommodation that they occupied in the home country.

In addition, the University will determine an appropriate and cost-effective method of providing housing in the host country if University housing is unavailable (e.g., executing the housing lease, which depending on host country laws and practices could be in the Faculty's or Administrator's name or the University's name, arranging an extended stay housing/hotel, etc.).

### ***Rental Lease Arrangements***

The method of paying the housing allowance will depend on the host country and applicable tax and other considerations and will be explained during the pre-assignment orientation for the Faculty or Administrator. In some cases, the University is the lessee and pays the rent directly to the landlord. In other instances, the Faculty or Administrator may be the lessee and will receive the housing allowance in his/her monthly pay. In either case, the Faculty or Administrator is responsible for compliance with all of the terms and conditions of the lease.

### ***Purchasing Accommodation***

In general, Faculty and Administrators do not purchase a home in the host country. If a Faculty or Administrator chooses to buy a home, the University will not provide any assistance with respect to the purchase of the home, including but not limited to the

following: closing costs, selling costs, loss-on-sale, or taxes incurred, either when the home is purchased or sold upon return to the home country.

In addition, if a Faculty or Administrator purchases a home in the host location, he/she must notify the University of such purchase. If a purchase is made, then any type of housing assistance or accommodations being provided will cease upon purchase.

### **19. Host Country Transportation**

Provision of assistance for personal transportation in the host country will depend on local conditions and practices.

### **20. Children's Educational Assistance**

#### ***Preschool/Primary/Secondary Schooling***

If local schooling (i.e., government subsidized) in the host country is not available or appropriate, the University may provide or reimburse the cost of international schooling in the host country. International schooling may be provided for preschool, kindergarten, elementary and secondary levels for each eligible child. Expenses related to tuition, transportation to and from school, books, uniforms, and related fees (e.g., application fees, etc.) may be reimbursed for each eligible child. The costs of field trips, sports participation, extracurricular activities, and/or recreational activities will not be reimbursed.

#### ***Tertiary Education***

The University's policy on tertiary education remains in effect during the global assignment. Faculty and Administrators should refer to NYU's Tuition Remission Benefit Plan for Dependent Children.

### **21. Tax Return Preparation Assistance/Tax Protection Policy**

Each Faculty and Administrator is responsible for complying with all requirements regarding personal tax filings and payments to each taxing authority to which any such requirements exist.

Please refer to the applicable tax policy for more information on tax reimbursement methodology and services offered.

### **22. Administrator Vacation, Public Holidays, and Working Schedule**

During the global assignment, an Administrator's vacation eligibility will be in accordance with the vacation policy of the University. Public holidays and work schedule will be that of the host country. Please refer to the applicable policy, which can be found at:

<http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/vacation.html>

**END OF ASSIGNMENT**

### **23. Repatriation**

Upon the completion of assignments, some of the functional processes for relocation are applicable in reverse as outlined in the Section: “Preparation for Global Assignment and Relocation Phase”. That is, the University will:

- Pay for the shipping of personal belongings and temporary living expenses, and provide a miscellaneous relocation allowance and other relocation-related benefits as described earlier in this Policy; and
- Discontinue global assignment allowances from the effective transfer date.

### **24. Assignment Extension**

If the Faculty’s or Administrator’s assignment is extended and they remain in the host country beyond 12 months, NYU may transition the Faculty or Administrator from provisions associated with NYU’s Short-term Global Assignment Policy to provisions under NYU’s Global Long-term Assignment Policy. Assignment extensions of this nature are considered an exception to this Policy and must be approved in writing by the Provost, Vice Chancellor Strategic Planning, and Executive Vice President (“EVP”) for Health, who will also determine whether transition to the Long-Term Assignment Policy is appropriate, and the terms of such transition, if applicable.

### **25. Sequential Assignment**

If a Faculty or Administrator accepts another global assignment to a different host country instead of repatriating to the home country, then he/she would receive a new assignment letter outlining the assignment benefits based on the new host country and assignment type, as if he/she were sent from his/her home country. Additional benefits may be granted at NYU’s discretion, such as:

- Shipment of goods from old host country to either the new host country or back to the home country, and from the home country to the new host country; and,
- Travel to the home country to gather additional items prior to relocating to the new host country.

### **26. Resignation and Termination**

Should a Faculty or Administrator resign from his/her employment with the University or be terminated while on short-term global assignment, the employee’s rights to any benefits associated with the global assignment are immediately voided.<sup>3</sup> However, the University will cover the expenses to repatriate the employee back to the point of origin to the extent required by local law, and may cover the expenses to repatriate the employee back to the point of origin if the assignee executes a release in form and substance satisfactory to the University.

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<sup>3</sup> Premature termination of the assignment due to illness or injury or changes in regulatory approvals will be handled on a case by case basis.

To be eligible to receive the benefits outlined above, relocation to the home country must occur within a period of 30 days (or less if required by local law) after the effective date of termination of employment (and the signing of a release in form and substance satisfactory to the University to the extent benefits are in excess of those required by local law). Should a Faculty or Administrator choose not to exercise the option of transportation and moving expense outlined above, no substitute payment will be made, nor extensions authorized. In addition, if the Faculty or Administrator voluntarily terminates employment prior to the completion of one full year following the start of the global assignment, he/she will be responsible for reimbursing the University for a prorated amount of all relocation expenditures paid or reimbursed by the University, as outlined in this Policy. The reimbursement will become immediately due upon voluntary termination.

### **Policy Definitions**

**Assignment-Related Benefits:** A general term covering all elements of remuneration provided in connection with a temporary transfer across national borders.

**Cost-of-Living-Allowance (COLA):** A differential payment to the Faculty or Administrator to address differences in purchasing power between home and host countries. It is usually derived by applying a **cost-of-living index** to a Faculty's or Administrator's **home country** Spendable Income. Please note: A Faculty on a short-term assignment will receive a COLA or per diem (defined below), but not both.

**Cultural Orientation:** Education in the customs, practices and/or languages of the **host country** for the Faculty/Administrator and/or accompanying qualifying family to familiarize them with the new environment in which they will live and work during the **global assignment** most often provided by a third-party vendor.

**Destination Services:** Assistance provided to the Faculty or Administrator and qualifying family upon arrival in the **host country** to help them settle into their new surroundings. Usually includes assistance in finding a residence, arranging schooling for dependent children, and guidance regarding shopping, transportation and drivers' licenses. Most often provided by a third-party vendor.

**Home Country:** The location where the Faculty or Administrator worked prior to the **global assignment**, and to where it is intended he/she will repatriate at the end of the assignment(s). The home country may or may not be the Faculty or Administrator's country of citizenship or residence.

**Host country:** Location across national borders to which the Faculty or Administrator is temporarily sent to work from the **home country**.

**Per Diem:** A cash payment to the Faculty or Administrator to cover certain temporary living expenses, usually meals and incidental expenses, expressed as a daily rate. Please note: A Faculty on a short-term assignment will receive a COLA (defined above) or per diem, but not both.

**Pre-Assignment/Pre-Departure:** The period of time after a candidate for assignment has been identified, but prior to his/her departure from the **home country**.

**Miscellaneous Relocation Allowance:** A **lump sum** cash payment to the Faculty or Administrator to cover the cost of incidental expenses not specifically covered by other aspects of the University's **Short-Term Global Assignment Policy**.

**Repatriation:** The return of the Faculty or Administrator to the **home country** at the completion of the assignment.

**Short-Term Assignment:** A temporary transfer across national borders that is greater than 7 weeks but less than 12 months (e.g., an academic semester).

**Spendable income:** The portion of base salary that is normally devoted to the purchase of goods and services (e.g. food, clothing, entertainment, medical care). This amount is not a fixed percentage of base salary; rather, it varies according to nationality, income level, and family size. Home spendable is what one would spend in the home country. Host spendable refers to what one would need to spend in the host country.

**Tax Orientations:** A meeting or discussion between the Faculty or Administrator and a tax service professional to discuss the income and social tax implications of the assignment for both the **home country** and the **host country**.

**Tax Preparation:** Services of a tax professional to prepare the **Faculty/Administrator's home country** and/or **host country** tax returns.

**Tax Protection/Protect:** A compensation methodology for calculating the Faculty's or Administrator's share of their worldwide tax burden by attempting to ensure that the employee is financially "no worse off" than he/she would have been had the assignment not taken place.

**Temporary Living:** The period of time between the Faculty or Administrator leaving permanent accommodation in the **home country** and moving into permanent accommodation in the **host country**, which is limited to 30 days under the NYU Short-term Global Assignment Policy.

## **Related Policies**

Faculty and Administrators on Global Assignments Policy

Faculty Housing Policy



## APPENDICES

### A. Shipment of Personal Belongings

As described in the Policy, the type of shipment provided to the Faculty and/or Administrator will depend on the facts and circumstances of the move and the practicality of what can be shipped. Facts and circumstances include, but are not limited to: home/host country combination, housing options available, family size, and budget. Types of shipment include:

- Excess Baggage

Airline baggage restrictions and baggage limits would apply.

- Airfreight Shipment

Airfreight shipments are “container” based. Air containers range in volume and weight limit and there are consistent industry standard sizes. The maximum size in air freight containers typically holds up to 500lbs.

- Transport allowance

An allowance may be provided in lieu of reimbursement of transport costs, up to a pre-determined limit.

#### Items Excluded from Shipping

The following items (and other items prohibited by applicable law) cannot be shipped with any items for which the University is paying shipment costs:

- Flammable items such as paints, varnishes, aerosol cans, combustible liquids, corrosives, and explosives;
- Liquid propane tanks, and scuba tanks;
- Ammunition, firearms and fireworks; and
- Illegal substances.

#### Items Excluded from Shipping at the University’s Expense

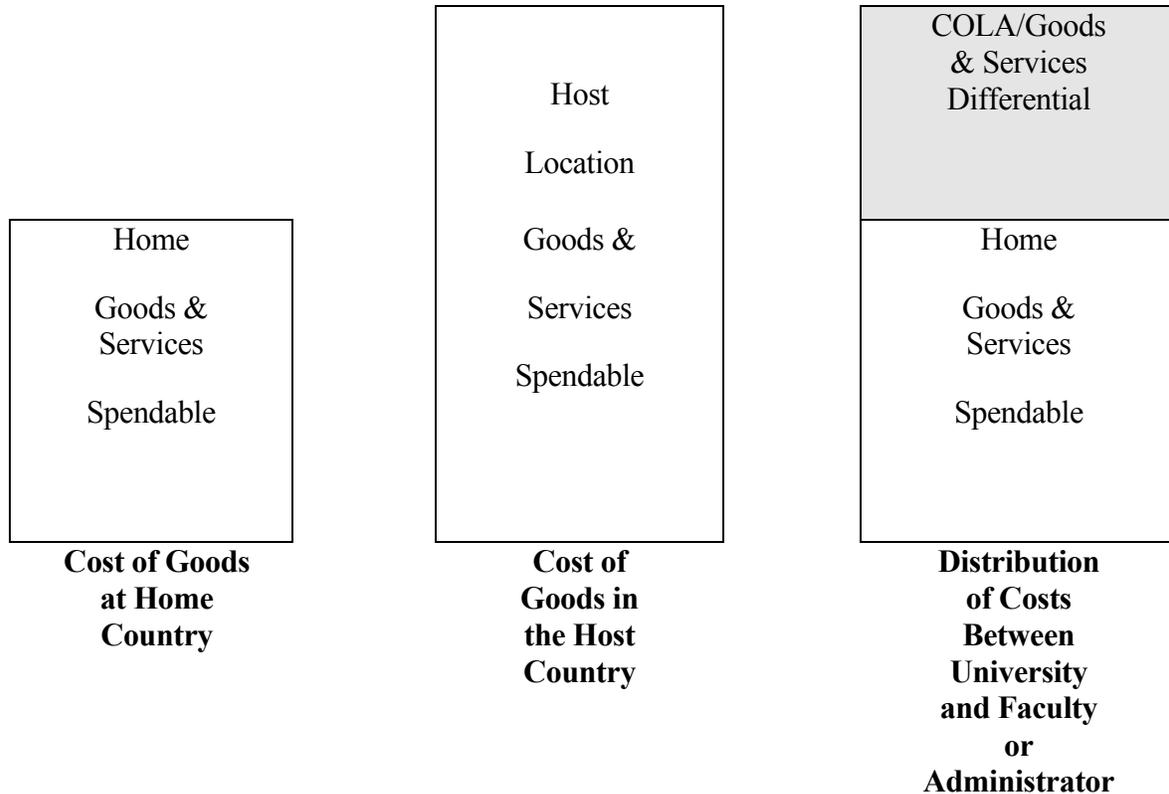
If the Faculty or Administrator wishes to ship any of the following items, all charges and expenses related to their packing, transfer, freight, storage, and customs clearance would be borne by the Faculty or Administrator. The University will not accept any loss or damage claims for such items. In addition, this is not an all-inclusive list, as there may be additions based on applicable laws and policies:

- Automobiles, motorcycles, recreational vehicles, airplanes and gliders, boats, boat kits, inboard marine engines outboard motors, and wind-surfers, and related automotive equipment;

- Riding mowers and tractors;
- Food stuff and drinking alcohol;
- Bulky/heavy low value to weight ratio items such as cordwood, brick, sand, lumber and other building materials, and utility sheds;
- Wood working shop equipment or other hobby equipment of similar nature;
- Swing set, climbing gym, playhouse, and fort;
- Satellite television/radio receiving discs/dishes, and related equipment;
- Hot tubs, spas, whirlpool baths, and saunas;
- Animals (including domestic pets);
- Major household appliances (e.g., refrigerators, freezers, stoves, washers, and dryers);
- Antiques, collector's items, pianos, and valuable works of art;
- Any item intended for resale or private business use; and
- Personal and household effects, furniture or other articles not for the personal use of the Faculty or Administrator and their accompanying qualifying family members.

## B. COST OF LIVING ALLOWANCE (COLA)

Please note: The following applies to those assignments receiving a COLA and not a per diem. Faculty and Administrators may receive either a COLA or per diem, but NOT both. A determination will be made depending on the facts and circumstances of the move.



### Faculty or Administrator Portion of Goods & Services Costs

Home country location goods & services spendable is the portion of base salary that a Faculty or Administrator would typically spend for goods and services in the home country. This amount varies according to base salary and qualifying family size. While on assignment, it is assumed that the Faculty or Administrator would continue to spend this amount toward the purchase of goods and services.

### University Portion of Goods & Services Costs

Host location goods & services spendable represent the cost of a similar basket of goods in the assignment location. The University will provide a Cost-of-Living Allowance (COLA) that represents the difference between the host location goods & services spendable and the home location goods and services spendable.

An example of the COLA (goods and services differential) calculation is presented below. For simplicity, we have assumed that the basket of goods includes only a suit and changes are due to currency movement only. If the cost of a suit in the US is \$300 and

the cost in the assignment location is €1,000 the COLA would be calculated and would fluctuate as follows:

Exchange Rate per \$	1.10	2.10	.80
<b>Host</b> Price of Suit in €	1,000.00	1,000.00	1,000.00
<b>Host</b> Price of Suit in \$'s	909.09	476.19	1,250.00
<b>Home</b> Price of Suit	<u>(300.00)</u>	<u>(300.00)</u>	<u>(300.00)</u>
COLA in \$'s	609.09	176.19	950.00

Under each circumstance the Faculty or Administrator's contribution (\$300) and the amount protected by the University (€1,000) remains fixed. In each case, the Faculty or Administrator will be spending \$300 toward the suit and the University will make up the difference. The University's portion of the cost (the COLA/G&S Differential) fluctuates to provide the difference between these figures. Even if the differential becomes negative the Faculty or Administrator will still be able to purchase the suit, as fewer dollars are needed to purchase €1,000 at the new rate of exchange.