



# COVID-19 Update

Impact on U.S.  
and Global  
Mobility

April 2020

pulse  
survey

Our world and industry continue to react to the pandemic and its impact on daily life. To better understand the impact, Aires has conducted a series of surveys. The surveys have been designed to identify not only the impact on employee mobility but to also recognize trends that are occurring based on the unprecedented decisions that mobility managers and employers are now tasked with making.

This, our third survey in one month's time, focuses on a wide range of topics including U.S. domestic mobility, interns, long-term assignees, short-term assignees, and business travelers, each impacted to some degree. The first part of the survey report is new data not addressed in the previous surveys. The latter half of this report includes updated data for previously surveyed topics to keep current with the challenges created by COVID-19.

This survey, like the previous two, was designed to answer questions we are receiving. The results in this report highlight that there is no best way to handle all the situations resulting from COVID-19. The feedback from this survey, and the feedback we continuously gather from our customers, is that individual situations are being evaluated and decided case-by-case.

Aires and our partners continue to conduct business and provide best-in-class service to our clients while staying within the location-specific regulations and placing the safety and wellbeing of our customers first.

## **COVID-19 Resources**

World Health Organization [www.who.int](http://www.who.int)

Center for Disease Control [www.cdc.gov](http://www.cdc.gov)

National Institutes of Health [www.nih.gov](http://www.nih.gov)

Aires COVID-19 Resource Page [info.aires.com/aires-resource-page](http://info.aires.com/aires-resource-page)

## Business Travelers & Short-Term Assignees

Fifty-four percent of survey respondents confirm having no business travelers currently outside of their home country. Many of them commented travelers were returned at the beginning of the COVID-19 threat. The 46% of survey respondents that do currently have business travelers outside of their home country may be faced with decisions regarding how to handle the travelers when they overstay the allowable time in host countries due to COVID-19 restrictions. Most respondents with business travelers in host countries are dealing with situations on a case-by-case basis (these situations may depend on the home and host countries involved); however, most have not had to make clear decisions on how to support these employees.

Similar results are found regarding short-term assignees. Sixty-two percent of survey respondents either have no short-term assignees in host countries or do not anticipate any will extend beyond their allowable time. Some of the the 38% of survey respondents that have short-term assignees who will be impacted are taking action.

At this point, none of the survey respondents have had to convert a short-term assignment to a long-term assignment; however, 12% confirm extending the expenses being paid to short-term assignees who have had to extend their time in their host country beyond their control.

### Business Travelers

**3%** report converting business travelers to short-term assignees

**6%** confirm they are now reporting taxable income in both home and host location and are providing tax protection

**35%** confirm they are continuing to treat the business travelers as such

**80%** are handling these situations on a case-by-case basis

### Short-Term Assignees

**22%** confirm they are now reporting taxable income in both home and host country and providing tax protection

**78%** are handling these situations on a case-by-case basis

Employers are focusing on duty of care. Survey respondents confirm paying for various expenses related to the business travelers and short-term assignees whose travel or status is impacted by the pandemic.

Of companies with business travelers and/or short-term assignees:

76%

report paying additional lodging expenses for stay-at-home mandates

50%

report paying additional lodging expenses as a result of locally mandated quarantines upon return in their home location

21%

report providing additional paid leave as needed

Many business travelers and short-term assignees were returned abruptly in the early stages of the pandemic. Many of those travelers and assignees may have received advance funds or per diems to assist with expenses in their host country. The amounts of these payments were determined based upon their anticipated stay. Ten percent of survey respondents confirm that they have requested reimbursement of such advances when travelers and short-term assignees returned home sooner than anticipated.

13%

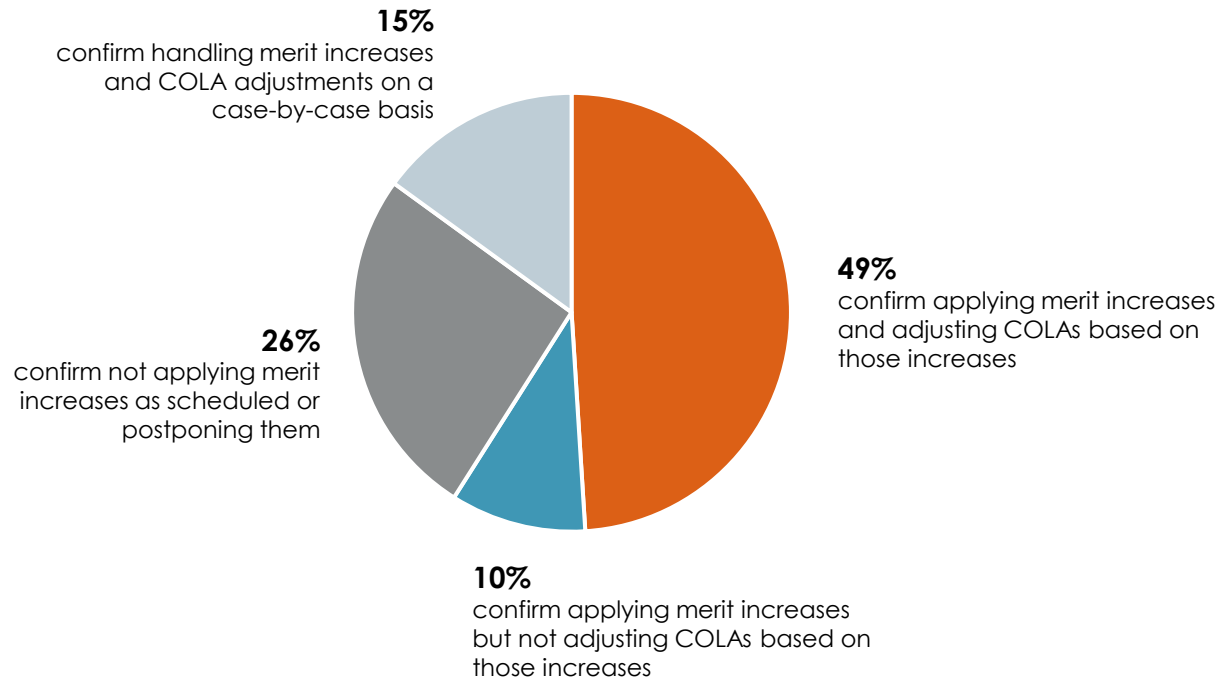
report requiring repayment of advanced funds if employee was returned home sooner than anticipated

Handling on a **case-by-case basis** means addressing a situation based upon the local conditions, their severity, the applicable regulations, the home country, host county, and any considerations made by local government. **Duty of care** is critical to address extended housing expenses, meals, visa processing requirements, and unexpected taxability that may arise as a result of necessary extensions.

## Long-Term Assignees

Aside from quarantines, shelter-in-place mandates, and work-from-home situations, long-term assignments – by nature of their length – appear to be impacted to a lesser degree than business travelers and short-term assignees.

One area in which long-term assignees may be impacted is in their annual merit increases and subsequent COLA adjustments. Fifty-eight percent of survey respondents have existing long-term assignees receiving COLA benefits, and there are differences in how merit increases and COLA adjustments are being managed.

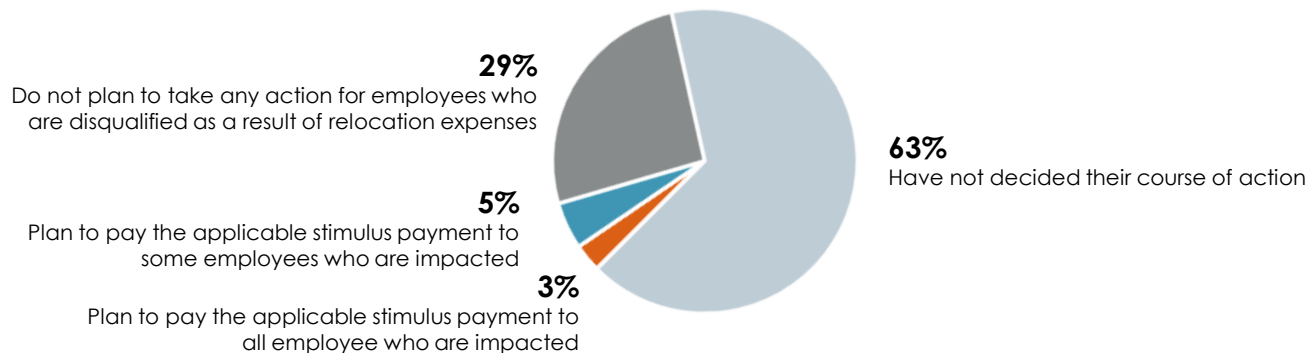


## U.S. Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

There is much discussion happening now with the passage of the CARES Act as it relates to relocated employees and assignees. The CARES Act provides multiple types of relief to employers, small businesses, and taxpayers; however, there is a key area that may impact mobile employees, the eligibility to receive the Economic Relief payment (commonly referred to as a stimulus payment). This payment is a 2020 tax credit provided in advance. Because this payment is provided in advance of the 2020 filing, it will be based on the employee's 2019 return. If the employee has yet to file their taxes for 2019, it will be based on their 2018 return.

Taxable relocation earnings that occurred in 2018 or 2019 may increase one's adjusted gross income above the threshold and reduce or eliminate the payment that they will receive. If the employee relocated in 2019 and phased out of the payment due to relocation earnings, it is important to understand they may still receive a credit when filing their 2020 return. Furthermore, if the employee relocates in 2020 and receives a payment based on 2019 income but would not qualify due to 2020 relocation earnings being added, they will not be required to pay back these funds when filing their 2020 return – making this a windfall for affected employees.

In a Worldwide ERC® webinar held on April 7, 2020, Peter Scott, counsel for Worldwide ERC®, reviewed several situations in which an employee may gain or lose and conducted a survey of the audience to gauge if employees are inquiring to their employers to cover presumed loss of advance payments. The poll found that 38% of employers had not received any such requests, 46% weren't sure, 3% had but do not intend to cover any losses, 2% had and intend to cover the loss for some employees, and 7% had and intend to cover losses for all employees. Findings in the Aires Pulse Survey are somewhat similar.



## Employee Work Situations

Essential employees are serving their communities; health care staff, grocery store employees, and all other essential employees are on the front lines in our otherwise closed societies. Millions are now working from home. Employers have been faced with decisions regarding work-from-home situations. But what about those employees that are considered “essential” who request to work from home if possible?

The survey finds that most employers are handling these situations on a case-by-case basis, with the rest honoring such requests.

### Work-from-home Requests

60%

case-by-case

40%

allowing

Almost half of survey respondents confirm having employees in a mandatory quarantine situation. Along with that, almost all of them confirm paying additional temporary living expenses as well as some other types of extended relocation support.

46%

of survey respondents have employees under mandatory quarantine

40%

of those companies have approved relocation expense exceptions as a result of those quarantines

#### Relocation Expense Exceptions:

- 92% extended temporary living
- 16% extended storage
- 8% additional taxes or tax support
- 8% extended duplicate housing
- 8% extended car rental
- 8% additional grocery/meal expenses

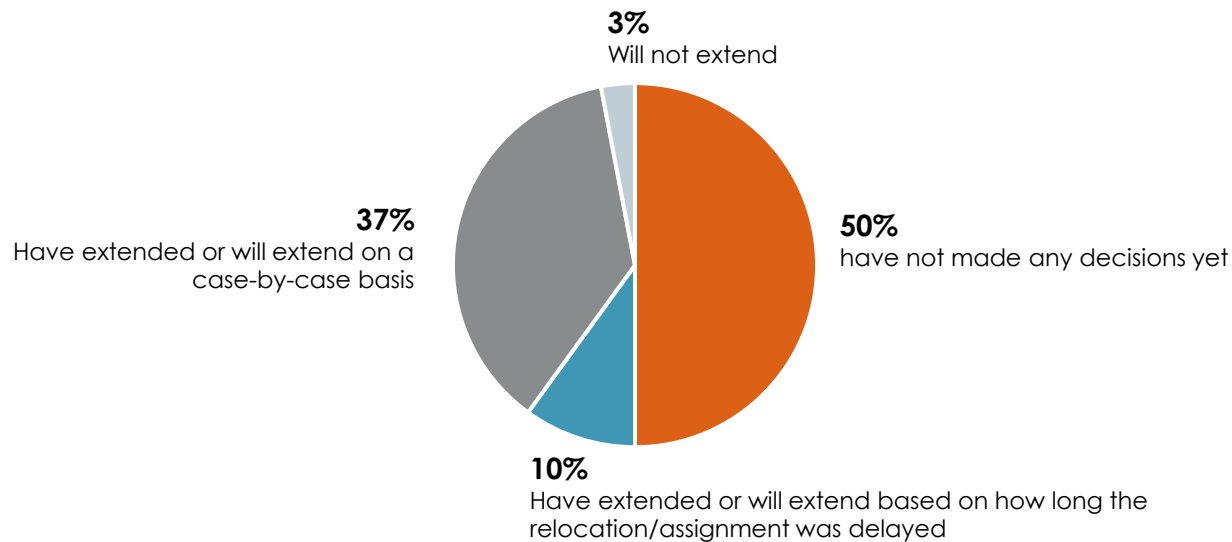
## Immigration

Visa and work permit applications, processing, and renewals have been impacted as well. The greatest immigration challenge for survey participants is visa processing delays. Closed consulates, delayed appointments, and the inability to travel are forcing many countries to automatically extend or forgive expiration dates. For the latest information, visit the Aires Resource Page ([info.aires.com/aires-resource-page](http://info.aires.com/aires-resource-page)) or consult with your immigration provider.

## Mobility Timeline

Many mobility policies state that expenses must be incurred within one year of the start or hire date. Eighty-six percent of survey respondents state they do have a set period in which expenses must be incurred. The most common time period associated with relocation expenses is one year.

The COVID-19 pandemic is creating unavoidable delays for some employees, which may impact their ability to stay within a defined time period. In light of this, employers may need to grant extensions to their time periods. Some already have, but many are dealing with each case individually.





## U.S. Home Sale Programs

Home sale programs, specifically the Buyer Value Option (BVO) and Guaranteed Buyout (GBO), have distinct processes in place that often operate on a timetable. These services are prone to interruption given the current daily operational limitations in the U.S.

### Buyer Value Option Home Sales

Fifty percent of survey respondents currently have a BVO home sale in one or more of their policies. Almost all respondents with BVOs are moving forward as usual with those programs. Forty percent of them have no new cases or listings in progress that would be impacted, and some are dealing with their BVOs on a case-by-case basis depending where they are in the process. Some employers have had to alter their normal processes (noted to the right). Most employers offering a BVO are not preparing to grant additional exceptions other than potentially delaying the start of the program based upon the inspection (if one is required). As previously noted, some employers are willing to extend the time frame for relocation expenses (e.g., expenses must be incurred within one year); this is the case for 20% of companies offering the BVO.

### Guaranteed Buyout Home Sales

Forty percent of survey respondents currently offer a Guaranteed Buyout home sale program (GBO). Almost all of respondents with GBOs are moving forward as usual with those programs although one-third have no new cases or listing in progress. Just as with BVOs, some GBOs are being impacted (noted below). Inspections, appraisals, and the duration of the offer-acceptance period may all be impacted to different degrees.

**95%**

Report moving forward with their GBO program as normal

**55%**

Report they have not nor do they plan to modify the GBO inspection requirement

**5%** have waived or are willing to waive inspections in some GBOs

**10%** have delayed or are willing to delay inspections in all GBOs

**30%** have delayed or are willing to delay inspections in some GBOs

**95%**

Report moving forward with their BVO program as normal

**4%** have waived or are willing to waive inspections in some BVOs

**10%** have waived or are willing to delay inspections in all BVOs

**26%** have delayed or are willing to delay inspections in some BVOs

**25%** are reviewing BVOs on a case-by-case basis



Given the amount of work-from-home and shelter-in-place states, most respondents are planning to proceed as usual wherever possible. One theme is consistent: most are operating on a case-by-case basis for specific requests from employees.

**78%**

Report they have not nor do they plan to delay the appraisal process, down from 82% in previous survey

**61%**

Report they have not nor do they plan to extend the mandatory marketing period

**77%**

Report they have not nor do they plan to extend the acceptance period for employees who have already received the buyout offer, down from 88% in previous survey

**74%**

Report they have not nor do they plan to extend home sale bonus eligibility



If the property has been marketed but is unable to be viewed, we will restart timing after the market stabilizes. If the employee has already purchased in the destination, we will proceed with acquisition based on normal timing.



We are considering what is appropriate based upon each circumstance. Some things are possible in some markets, but not in others. We want to be as fair as possible.



We might consider extending a seller's eligibility for a home sale bonus if they were unable to show their home and their marketing period is extended, but not if the home is purchased and taken into inventory.

The states that are most likely to experience delays with inspections and appraisals are the ones with the highest number of COVID-19 cases: **New York, New Jersey, Michigan, Louisiana, California, Massachusetts, and Pennsylvania.**

## Interns

Organizations are also faced with decisions regarding internships. Half of survey respondents have internship programs, and there appears to now be more decisiveness among them compared to the results of the previous survey.

The positive news for interns is that more companies are now looking at work-from-home arrangements to persevere through this unprecedented time. This could also translate into positive results for the organizations through savings on housing stipends, lump sum payments, or travel reimbursements that would otherwise be paid to interns. It remains to be seen what overall impact this altered intern experience will have on both interns and organizations.

The following statistics are based only on companies with intern programs.

Responses as of March 25	COVID-19 Impact on Internships:	Responses as of April 10
11%	Organizations that have suspended their intern programs	22%
5%	Organizations that have cancelled all new interns	11%
nil	Organizations that have cancelled some new interns	8%
21%	Organizations that may proceed as planned when working situations return to normal	1%
18%	Organizations that are considering remote/work-from-home arrangements	nil
5%	Organizations that are planning remote/work-from-home arrangements	36%
38%	Organizations that don't know yet or are taking a "wait and see" approach	22%

## Overall Impact on Mobility

The employee mobility industry has weathered many challenges in recent history, such as the dot-com bubble, 9/11, and the recession. Each of those challenges has helped build stronger, more agile companies and better services. The COVID-19 pandemic is no different. With all the uncertainty that surrounds us, there is one thing that is true – the need for talent is still fundamental.

New initiations remain strong for some organizations, but others have slowed. Many organizations have already placed authorized relocations on hold. Most employers are looking at each new and existing relocation to determine the critical nature of each. Getting new initiations into the pipeline is critical to maintain continuity when our world opens back up for business. The survey data tells us not much has changed for companies over the past couple of weeks.

### Responses as of March 25

#### COVID-19 Impact on U.S. Domestic Relocation and Assignment Initiations:

- 11%** There has been little to no change in new assignment/relocation initiations
- 66%** Initiations have slowed, reviewing case-by-case
- 23%** All new initiations are on hold



### Responses as of April 10

#### COVID-19 Impact on U.S. Domestic Relocation and Assignment Initiations:

- 11%** There has been little to no change in new assignment/relocation initiations
- 69%** Initiations have slowed, reviewing case-by-case
- 20%** All new initiations are on hold

Although we expect there to be a degree of resiliency with employee mobility, there is no doubt that U.S. domestic programs are being impacted. The inability to deliver services in some locations, travel restrictions, and other roadblocks are occurring that all impact the relocation process. While 78% of survey respondents initially stated their pending relocations were on hold (March 25 survey), we now find that 66% of survey respondents are dealing with pending relocations on a case-by-case basis. This feedback tells us that companies are not shutting down employee mobility. The comments on the following page support this as well.



“Business critical roles are moving forward; all others are being pushed out post June 1<sup>st</sup>.”



“Employees are starting to work remotely in their origin location, and then the relocation will occur when feasible in the future.”

The impact on global mobility is similar to that of domestic mobility, and there has been little change with how mobility departments are reacting.

### Responses as of March 25

#### COVID-19 Impact on New Global Mobility Initiations:

- 13%** There has been little to no change in new assignment/relocation initiations
- 52%** Things have slowed, reviewing case-by-case
- 35%** All new global assignments/relocations are on hold



### Responses as of April 10

#### COVID-19 Impact on New Global Mobility Initiations:

- 10%** There has been little to no change in new assignment/relocation initiations
- 57%** Things have slowed, reviewing case-by-case
- 33%** All new global assignments/relocations are on hold

The challenge for many is that there is little certainty regarding how long things may be disrupted. There are too many factors that employers are not able to control. Travel, being able to work face-to-face, and other nationally and locally mandated measures to fight COVID-19 will determine the pace at which employee mobility will resume.

When asked about the timeline for how long domestic or global assignments/relocations may be suspended or delayed, **43%** said they **don't know** and another **52%** said each case is being **reviewed individually**.

## Employee Sentiment

Shelter-in-place mandates, travel bans, reduced flight availability, delayed visa processing, closed offices, and closed schools have all impacted global employee mobility. Among all this disruption and uncertainty, employee mobility still prevails. Employees still need and want to relocate. Survey respondents have confirmed that most employees are willing to wait until the time is right to relocate. The key is employee safety.

Below are some comments made by survey participants that sum up employee sentiment.



"We are waiting for borders to open and it is safe to travel."

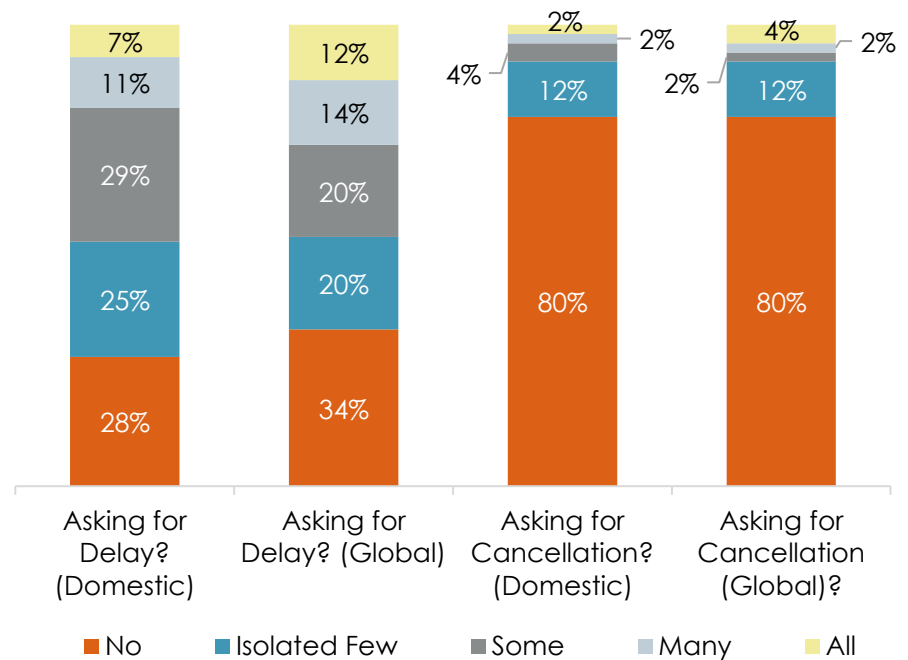


"Our employees provide 'essential services' and need to remain in place to fulfill a contract, so any delays would be limited and based on the ability to fly, resources on the ground, etc."



"Employees have been patient considering all of the uncertainty."

### Have your employees requested their pending relocations/assignments be **delayed** or **cancelled**?



## Preparing for the Future

In most countries, COVID-19 has abruptly changed life. People are waiting to return to their office, waiting for children to return to school, waiting to enjoy dinner at their favorite restaurant, waiting to visit relatives, and waiting to once again enjoy all the pleasures and freedoms of daily life that were performed with ease just months ago.

While we do not know how long the efforts to stop the spread of COVID-19 will continue to impact our daily lives (and certain locations will be impacted differently), we do know one thing from the survey – **employees are still planning to relocate**. So what can you do to be prepared?

**Rely on your service providers for updates and information.** What is happening in your locations? With your assignees? Rely on your service providers for reporting, communication, and support. If you don't know where one of your relocating employees is, your providers should.

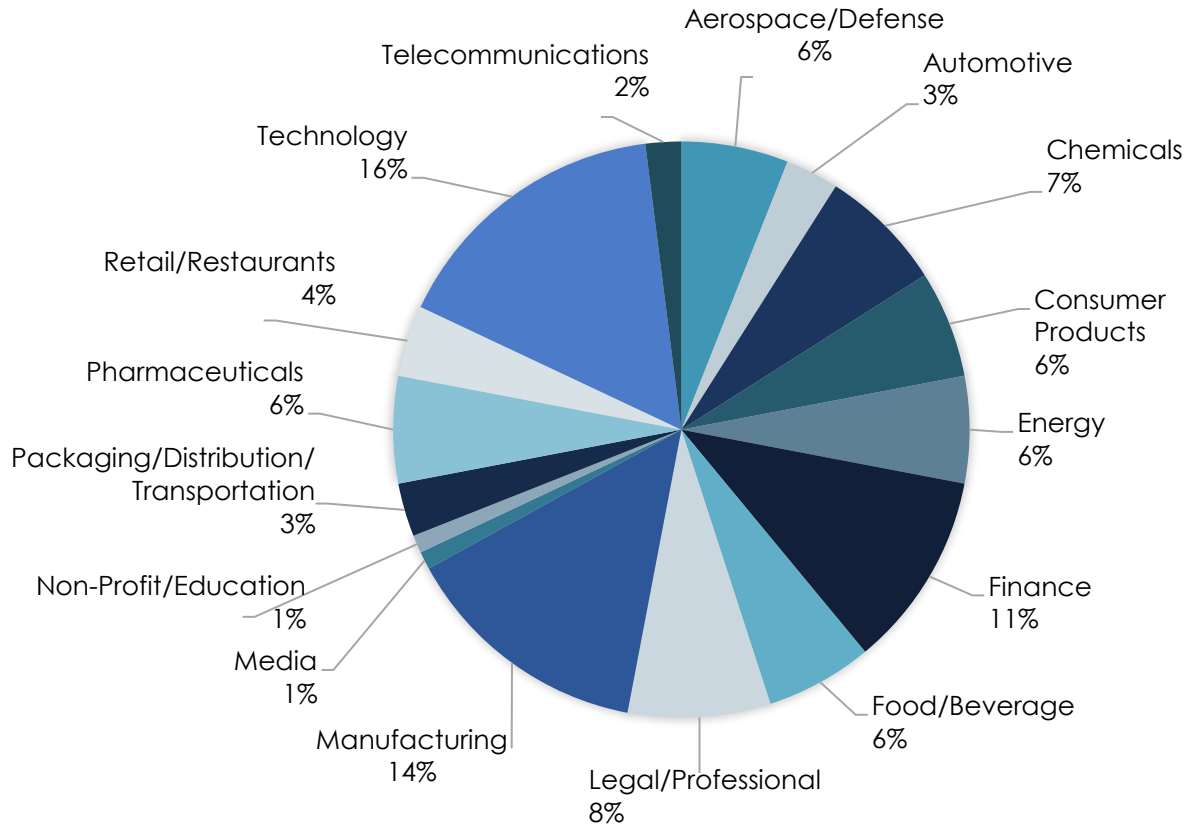
**Continue to initiate pending relocations so services can be scheduled.** Once non-essential business resumes and workers carry on with daily functions, we will be in what is normally the busy summer relocation season. Waiting until the last minute to book a pack and load, to reserve a temporary apartment, or schedule delivery out of storage may unnecessarily delay the relocation process. It is often easier to reschedule a service when schedules are full than to be placed on the schedule ahead of others.

**Hang in there.** Everyone is stressed. Companies are struggling. Employees are struggling. Take care of yourself. Take care of your loved ones. As tragic as this pandemic is, we are seeing fewer new cases in some locations. Some time in the near future, our lives will be better; things will likely be different in many ways, but there is hope for the future.

## Survey Participants

A total of 91 companies participated in this third survey focusing on COVID-19's impact on employee mobility.

### Participant Profile



### Participant Size

# of Employees	Percentage
100,001 or more	18%
50,001 – 100,000	10%
20,001 – 50,000	16%
5,001 – 20,000	22%
1,001 – 5,000	19%
1,000 or less	15%



# CORONAVIRUS

COVID-19  
VACCINE RESEARCH 0034 - 234

Survey Conducted By



Corporate Headquarters  
6 Penn Center West  
Pittsburgh, PA 15276  
Toll free: 1-888-828-8515  
Fax: 1-412-788-0245  
[aires.com](http://aires.com)

