



Global Employment Companies – 2025/26 Insight series

Global Employer Services Turn it up



Introduction to Global Employment Companies and pension considerations

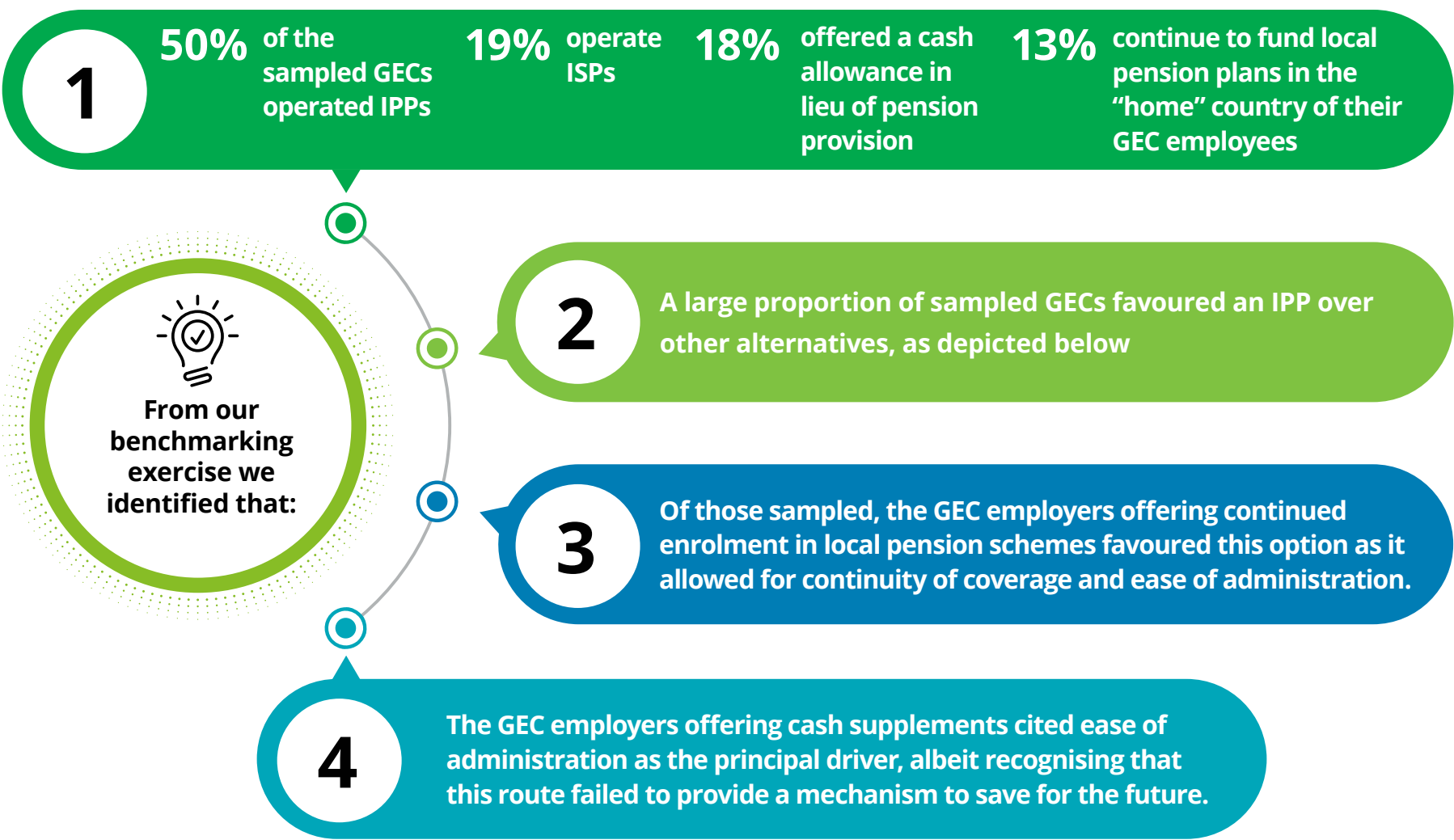
Global Employment Companies (GECs) are not new, and have been utilised for decades, with their ‘popularity’ fluctuating over time. Originally GECs were often utilised as a means to effectively handle the employment of global nomads who moved regularly from country to country, or to benefit from the tax and social security regimes applicable to offshore employment (particularly in the Energy and Resources sector). In response to the competitive talent environment, organisations focusing on developing their talent deployment strategies, global shifts in remote work technology and attitudes (which has made remote working more accessible than ever), and regulatory changes, we have seen over the past three years a period of increased activity in organisations considering whether a GEC entity offers a potential solution to global workforce employment for populations of employees either by implementing a new GEC model or expanding the use of an existing GEC.

This is our 2025/26 series of insights surrounding the use of and considerations that accompany having a GEC deployment model, covering topics such as GEC sustainability and GEC location analysis. Our aim? To provide you with some key highlights and takeaway considerations for each topic, and food for thought on how a GEC could support your global workforce deployment strategy.

This insight focuses on pension considerations in the context of a GEC. Pension arrangements are a vital (often mandatory) component of an employee’s remuneration package and can be key to attracting and retaining the best talent. Furthermore, there are specific considerations for employers to take into account when structuring pension arrangements for internationally mobile employees (the typical key population where the GEC model is utilised for global deployment). We have recently conducted a review of the pension arrangements offered by a number of global companies across different industries for their GEC employees to better understand what current pension provision looks like and, critically, the rationale for this. Our summary of findings are shown to the right.



Summary of findings



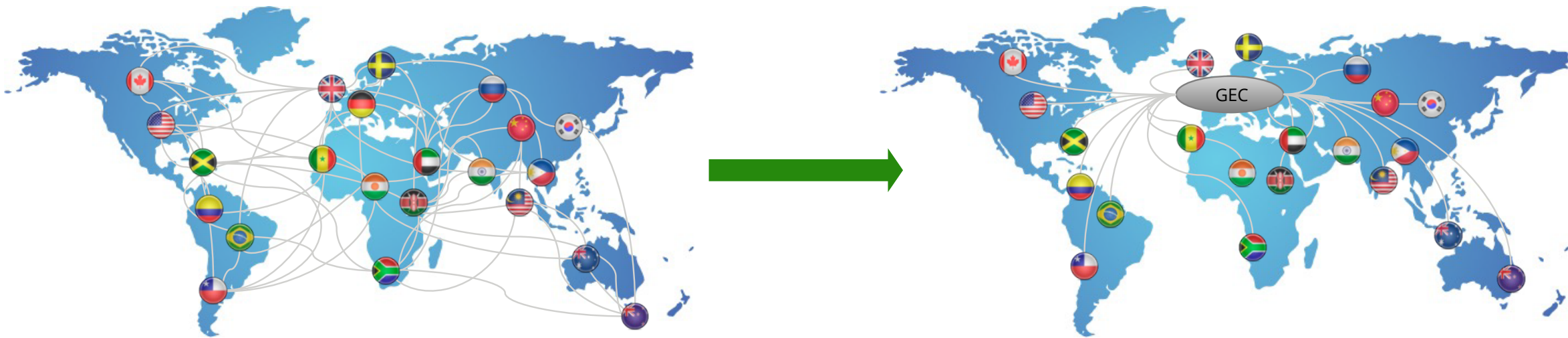
On the following pages we are pleased to share our insights with you on our findings.

GECs – What are they?

Firstly, to level our understanding at the start of this series, a Global Employment Company (GEC) is typically a ringfenced entity within a company's group structure whose purpose is to employ an international cadre of individuals to meet the specific talent requirements of the business. The GEC acts as the legal employer of the individuals and is used as a vehicle to pay them and undertake the required employer compliance obligations in the work location(s) of the GEC employees. A core benefit of a GEC model is the ability to centralise the management and administration for the employees that it houses (such as internationally mobile employees, global

nomads, and employees working in countries where there is no local corporate presence). This can enable a company to gain efficiencies in its processes when deploying individuals, across multiple jurisdictions, and aims to limit compliance risks by centralising the oversight of them, which could otherwise be more difficult to govern when individuals are employed by multiple different entities within the group.

An example of the simplification and centralisation that a GEC can provide is outlined by the following diagram:



We should also reference here that a Regional Employment Company (REC) follows the same principles however it is an employment model to engage individuals on a regional basis, with a company potentially having more than one REC. Additionally, whilst we often see that the GEC is a separate ringfenced entity within the group structure whose sole mission is to employ individuals for the organisation, we see a number of 'virtual' GECs. This is where the GEC functions subsist within another 'trading' entity within the group structure. Key factors to consider when assessing the use of a virtual GEC are the corporate tax implications, such as permanent establishment risk and economic substance.

One example we have seen for the use case of a GEC historically, has been to engage globally nomadic employees as they could then be moved around various locations without the requirement to update their underlying employment contracts for each new host entity or country combination (although employment law due diligence for each country would be required, usually with a new secondment agreement or contract addendum for each new working location). This landscape is changing and while many organisations continue to utilise GECs to

employ their nomadic populations, the use of GECs has widened over time to include other cohorts of employees, such as specific groups of senior individuals, employees with global roles, permanent/long term remote workers and individuals working in locations where the organisation does not currently have a presence.

Whilst some of the potential benefits are highlighted above, it is important to acknowledge the potential limitations and key considerations when deploying a GEC model. For example, having a GEC does not override local rules applicable in the host jurisdiction such as payroll withholding, permanent establishment, local employment rights, labour leasing restrictions and immigration requirements and the GEC will need to track individuals and assess employee and employer compliance accordingly.

These are not additional to the obligations and compliance burden that would exist in any event, without a GEC in place, and as noted a potential benefit of a GEC comes from a consistent and managed process associated with the compliance compared to having multiple stakeholders navigating the same issues from different entities.

Ω GEC – reward package structuring

A GEC can enable organisations to provide bespoke remuneration packages for groups of employees without necessarily needing to align these packages to any local entities, which helps to provide a competitive advantage through being able to be more flexible in how they incentivise employees and attract new talent (although local employment law regulations regarding remuneration and benefits still need to be considered).

As the use of GECs has evolved in recent years, so have the benefits that organisations have provided to GEC employees. From a pensions standpoint, GECs have often historically utilised international pension plans (IPPs) to provide continuous pension coverage for employees regardless of where they are based. This structure is widely recognised as beneficial as it

allows for employees to make contributions (or for the GEC to make employer contributions on their behalf) without tying them to any single country or finding themselves with pension plans in multiple countries.

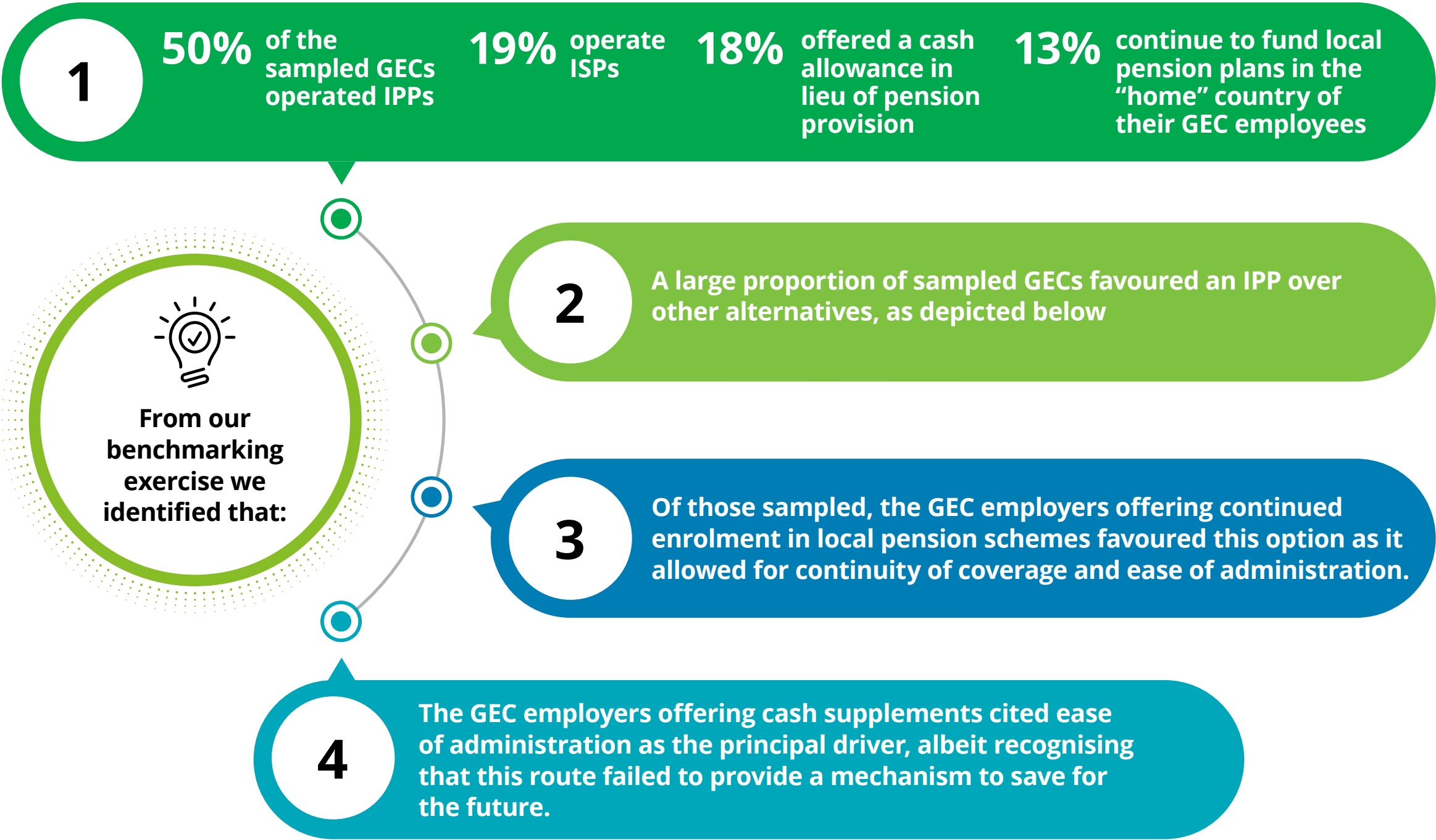
More recently, other options have been explored by GECs including the use of international savings plans (ISPs) which offer employees more flexibility in accessing funds at critical milestones e.g., when getting married or purchasing a house, or cash allowances. Some GEC employers have also started to offer the ability to join local plans which is typically more suitable for individuals who are in executive positions or have global roles, where they have a clear home country that they would like to retain pension investments in, subject to local country rules allowing this.



🔍 GECs – pension arrangement benchmarking


By conducting a benchmarking exercise with several multi-national employers, to understand what pension arrangements are being provided to their GEC employees, and through follow-up research and discussions with our clients and contacts, we were able to gain some key insights into current trends in pension provision within a GEC deployment model.

In bringing the insights we gained to you, we feel it is important to highlight that the benchmarking exercise gathered market data from a sample of GECs only and our insights are based on our analysis of the information provided to us by the sampled population, informed by our wider research. It should therefore be read as such.



So, why is it that employers continue to look to IPPs as the appropriate means to provide retirement benefits to its GEC employees? In our research, we identified the following key drivers:


Key drivers



Pay parity

IPP


provide a platform to create parity of pension provision across international assignees and local employees. Making changes to pension provision consistently is often easier to achieve through an IPP compared to adjusting lots of local plans or increasing cash payments in lieu (which can be significantly more expensive).



Retirement benefit provision

IPP


(or ISP) enables organisations to continue to provide a single source of retirement benefits / savings for their employees, regardless of where they are working. IPPs (and ISPs) provide the same security as traditional home country pension schemes, utilising both trust-based and contract-based structures.



Employee expectation and/or talent attraction


IPP

can provide multi-currency investment options and give international assignees working in multiple countries the ability to aggregate retirement benefits through their careers.



Reduced tax cost

A small proportion of responders identified reduced tax costs as a potential benefit in some locations, where relief is available, however also recognising that there are many countries where this is not a possible benefit, and where contributions would be taxed upfront.



Administrative efficiency

IPP

can be simpler and cheaper to administer than operating multiple local pension plans.

A key point of note is that there was a clear distinction between the offerings used by longstanding GECs and newly formed GECs. We found that longstanding GECs were more likely to have an IPP that has been in place for a long period of time and generally the companies have not seen a need to move away from this type of arrangement. For more recently established GECs, there was a definite trend towards to the use of ISPs due to the attractiveness of providing employees more flexibility with the types of investments and the timing/format of the benefits.

The nature of the different populations of employees that are within the GEC, the company's wider reward and pensions strategy, and local employment and pensions legal / regulatory requirements in the work locations of the employees will often be the key factors that will impact the type of pension arrangement that is most appropriate for the GEC. These all require consideration when determining what type of pension arrangement is used when a GEC is set up but should also be reviewed as the use of a company's GEC, the populations employed by the GEC, and local legal and regulatory requirements evolve to ensure that the arrangement remains appropriate, competitive and compliant.


Find out more

Implementing new pension arrangements, or changing current arrangements, operated by a GEC requires careful consideration to ensure the arrangements meet the organisation's overall strategic objectives, attracts talent, is compliant and is effective in achieving its intended objective.

If you would like to discuss this topic in more depth, please contact one of the Deloitte specialists below:



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