

XXIII. UNIQUE POLICIES AND PROCEDURES (CHILE)

A. EXPATRIATES IN CHILE

This policy applies to AURA employees who are hired by and paid by a U.S.-based AURA Center for duty in Chile and to employees transferred to Chile effective May 1, 1998.

Pursuant to the agreement between the Government of Chile and AURA, the AURA-O (refer to Policy A-XXI) accredited expatriate staff, their spouses and authorized dependants; reside in Chile under an "official visa," which has largely the same characteristics of diplomatic visas, administered by the Ministry of Foreign Affairs. This special visa entitles AURA employees; their spouse's and authorized dependants to a number of legal, juridical and economic immunities and benefits. AURA employees are expected, however to respect all Chilean laws, and at no time shall they participate in local politics. A detailed summary of all aspects of AURA-O and AOSS unique policies and procedures will be made available to AURA employees and their families.

The benefits enumerated herein may be granted to an employee on an individual basis at the discretion of the Center Director. Benefits that exceed the maximums established in this policy will require the approval of the AURA President or his designee and the National Science Foundation (NSF). For each employee, a Point of Origin (PO) is designated at the time of hire or transfer. Salary and allowances are paid in U.S. Dollars. Employees who return to the United States for temporary assignment or who are on sabbatical leave are not paid allowances after sixty (60) days.

B. TAX IMPLICATIONS

Many of the premiums, payments, reimbursements and allowances provided by this Policy are or may be subject to taxation by the United States and State taxing authorities. The amounts specified in this Policy, however, are designated on a pre-tax basis, without consideration given to any potential tax impact. As a result, the actual amounts received by employees, after appropriate tax has been withheld, may be lower than the amounts specified in this Policy. Each employee should consult with an appropriate tax specialist, accountant, or attorney to determine the impact of federal and state tax law and regulations as to his or her individual circumstances.

Under AURA's accountable plan relating to relocation expenses, while many of the relocation expenses may be excluded from an employee's income that is either starting employment or relocating as part of their continuing employment with AURA, the same is not true for employees who are terminating their employment with AURA. For all U.S. Citizens, all Resident Aliens of the U.S., and those Non-Resident Aliens of the U.S. who are relocating to the U.S., its possessions or territories, the total of the relocation expenses from Chile related to the termination of employment with AURA must be included in the employees earned income subject to all applicable U.S. and state tax withholding requirements in the year of the relocation or payment. There are no U.S. or state tax withholding requirements for those Non-Resident Aliens of the U.S. who are NOT relocating to the U.S., its possessions or territories,

However, for U.S. Citizens and Resident Aliens of the U.S., under the current U.S. tax laws, since it is AURA's policy to relocate employees who terminate their employment with AURA from Chile to their point of origin, the relocation expenses should qualify as foreign earned income and consequently the foreign earned income exclusion. The employee should consult with their personal tax advisor or attorney for the current tax laws related to the foreign earned income exclusion.

For those relocation expenses that are included in the employee's taxable income, the employee may be able to deduct those expenses as moving expenses on their personal income tax returns filed for the year the expenses were included in the employee's income. The employee should consult with their personal tax advisor or attorney for the current tax laws related to the moving expense deduction.

Detailed information regarding this policy is in the "Moving to Chile" booklet given to prospective, new and transferred employees.

C. TYPES OF EMPLOYEES, LENGTH OF ASSIGNMENTS & COMPENSATION

1. COMMUTING ASSIGNMENTS of less than one year

Employees may be called upon from time to time to make short trips to Chile in connection with AURA work as ordinary business travel. However, at the Center Director's discretion, employees may be put on "commuting status" to deal with assignments requiring repetitive and more prolonged trips. Commuting employees may be entitled to the following benefits:

- Travel Reimbursement
- Actual and Reasonable Expense Reimbursement
- Reimbursement of allowable out of pocket expenses

Shipping of Personal Effects (AURA will not ship vehicles to Chile not to exceed 500 lbs.)

Each of these benefits is described below.

Travel Reimbursement

AURA will provide round trip travel and reimbursement of related, reasonable expenses from the Point of Origin for the employee.

Actual and Reasonable Expense Reimbursement

The employee will be reimbursed reasonable and actual expenses for lodgings, meals and incidental expenses in accord with Section B, Article XIX, paragraph B.4.

Shipping of Personal Effects

AURA will pay for a one-time shipment (including packing) by airfreight of 500 net pounds of personal effects to the Chilean assignment location. At the end of the assignment, AURA will provide relocation to the point of origin or to any less distant point. The return shipment of personal effects is limited to 500 net pounds. Return shipment, as provided in the preceding sentence, only applies if it occurs within ninety (90) days after the date of termination of the commuting employee's temporary assignment at AURA-Chile, as appropriate. In all cases, the shipment will be provided by AURA.

If the commuting employee resigns for reasons within his or her control or is terminated for cause by AURA within twelve (12) months, or the period of the temporary assignment, whichever is less, after the date of shipment of the personal effects to Chile as appropriate, the employee is not entitled to receive the benefit of return shipment of personal effects, as provided in the preceding paragraph.

Transportation for Dependents

Depending on the length of the assignment in Chile, round trip transportation may be provided for the employee's spouse and dependent children under age 19.

D. LONG-TERM ASSIGNMENTS OF MORE THAN ONE YEAR

1. AURA **may** provide during any relocation for which the Long Term Assignments apply the following:

Each of these benefits is described below.

Travel Reimbursement

AURA will reimburse all actual and reasonable travel expenses incurred by the employee, the spouse, and dependent children under age 19 from the Point of Origin to Chile. AURA will reimburse all actual and reasonable travel expenses by the employee, the spouse, and dependent children under age 19 in returning from Chile to the employee's Point of Origin. Reimbursement of return expenses, as provided in the preceding sentence, only applies if the return travel occurs within 90 days after the date of termination of the long-term assignment in Chile. Reimbursable relocation expenses includes the cost of a rental car for up to 30 days to provide local transportation in Chile or until the employee's vehicle is acquired, whichever occurs first.

Shipping of Personal Effects

AURA will pay for limited ocean and air shipments and for storage of reasonable household goods. At the end of the assignment AURA will provide relocation to the Point of Origin or to any less distant point, following these guidelines:

The employee is **not** entitled to receive the benefits of the return shipment in the following circumstances:

- The employee resigns voluntarily within 12 months after the date of transfer to Chile.
- The employee is terminated for serious misconduct within 12 months of the date of transfer to Chile.

In all cases, the employee is responsible for payment of all insurance cost over and above the shipping or Storage Company's contract insurance liability limits.

If the employee voluntarily resigns for reasons within his or her control or is terminated for serious misconduct by AURA within twelve (12) months after the date of transfer to Chile, the employee shall repay to AURA all amounts paid by AURA for shipment of personal effects under this policy within sixty (60) days after such resignation or termination.

The return shipment only applies if it occurs within ninety (90) days after the date of termination of the long-term assignment in Chile.

The amount payable by AURA for the shipment of personal effects shall not exceed the limits stated by each AURA Center as provided by Policy XXXI, and likewise the amount payable by AURA for the return shipment of personal effects shall not exceed the limits stated by each AURA Center in Policy XXXI.

Relocation Payment

The expatriate may receive a one-time lump sum Relocation Payment (RP) subject to any applicable taxes for incidental expenses at the time of the move to Chile. The expatriate may receive a second Relocation Payment at the conclusion of the assignment. This premium is not to be viewed as a benefit to which employees with similar duties and qualifications are entitled. The premium shall not exceed 25% of the employee's annual basic pay. The premium is not considered part of the rate of basic pay for any purpose and is separate from any relocation and moving expenses that may be paid.

In determining the appropriateness of a relocation payment, the following factors may be considered:

- a. The unusually high or unique qualifications of the employee or the special needs of AURA for his or her services that make it essential to hire or retain the employee and that, in the absence of a relocation premium, the employee may not accept employment with, or may leave, AURA;
- b. The extent to which the departure of the employee would affect the ability of AURA to carry out an activity or perform a function essential to its mission;
- c. The current and expected performance level of the employee, as well as the salary that has been offered to the employee;
- d. The success of recent efforts to recruit candidates with qualifications similar to those of the employee for positions similar to that of the employee;

- e. The availability in the labor market of candidates for employment who, with minimal training, could perform the full range of duties and responsibilities assigned to the employee; and
- f. Recent turnover in similar positions.

The amount of any RP's will be specified in a Service Agreement or employment/transfer offer letter. The Service Agreement states the amount of the RP and requires completion of a specified period of employment of twelve (12) months or more in Chile. A copy of the signed Service Agreement will be retained in the employee's personnel file. Before a RP may be paid, the employee must provide acceptable evidence of disposition of the employee's existing residence, and acquisition of a residence (e.g., a letter from the AURA administrative services in Chile acknowledging allocation of an AURA house, rental agreement, or purchase contact) in the area of the work assignment in Chile.

If an employee fails to complete the period of service established under a Service Agreement, the employee shall repay the relocation premium on a *pro rata* basis. The amount to be repaid is determined by multiplying the premium amount by the proportion that the number of months of service completed bears to the period of service required under the Service Agreement. In making this calculation, a month is considered to be thirty (30) days, and partial months are not considered. Repayment shall be made within sixty (60) days after the date of termination of employment with AURA. All or a portion of a required repayment may be waived at the discretion of the Director, but only if the Director determines that recovery would be against equity, good conscience, or AURA's interest.

Cost of Living Allowance (COLA)

Employees relocating to Chile may receive a Cost of Living Allowance in an amount to be determined by each AURA Center Management for all its operations in Chile.

Mobility Allowance

A periodic Mobility Allowance (MA) may be paid to employees relocating to Chile, who represent a valuable resource to AURA. In determining the appropriateness of a mobility allowance, the following factors, as they apply to each individual case, may be considered:

- a. The unusually high or unique qualifications of the employee or the special needs of AURA for his or her services that make it essential to retain the employee;
- b. The extent to which the departure of the employee would affect the ability of AURA to carry out an activity or perform a function essential to its mission;
- c. The current and expected performance level of the employee, as well as the salary that has been offered to the employee; and
- d. The circumstances that have resulted in the hardship to the employee and the likelihood that failure to alleviate the hardship would cause the employee to leave AURA.

A mobility allowance is calculated as a percentage of the employee's annual rate of basic pay (i.e., the rate of pay set by administrative determination for the position, exclusive of additional pay of any kind and other benefits or pay adjustments provided by this Policy). The allowance shall not exceed 15% of the midpoint of AURA pay grade 52 (Assistant Astronomer). The allowance is not considered part of the rate of basic pay for any purpose and is separate from any cost of living allowance that may be paid. A mobility allowance may be paid as long as the conditions on which the original determination was made continue to exist but in no case will the period of the payments exceed two years. A mobility allowance is paid in equal increments at the completion of each six (6) months of the period of employment specified in a Service Agreement. Any balance due to the employee is paid at the completion of the period of employment specified in a Service Agreement.

The Director, at his or her discretion, may reduce or terminate a mobility allowance at any time it is determined that: 1) A lesser amount (or none at all) is sufficient to alleviate the hardship to the employee; or, 2) The Director determines that circumstances have changed, so that it is unnecessary or inappropriate to continue payment at the level originally approved (or at all).

Except as provided by the grievance procedure of the AURA Policies & Procedures Manual, the reduction or termination of a mobility allowance may not be disputed or appealed by the employee.

Annual Home Leave

With approval of the Center Director or a designee, each expatriate and authorized dependent living with the expatriate in Chile, will be reimbursed transportation costs associated with an annual home leave taken after the first twelve (12) months in Chile. Not more than, two days travel time at the start and at the end of the travel (up to 4 days total per year) may be charged to time worked. The remainder of the time will be charged to vacation except for time, which is spent on official business. If a dependent child under age 19 does not reside with the expatriate, the Annual Travel Benefit may be applied in reverse to bring the child to Chile or to bring the child together with its family at their PO or alternate vacation destination.

Medical Emergency Travel Benefit

With the Center Director or designee approval, a Medical Emergency Travel Benefit is available when an illness (either physical or psychiatric) of an expatriate or authorized dependent in Chile, requires treatment outside Chile.

Language Training

Language training costs will be paid by AURA for the expatriate and authorized dependents with the approval of the Center Director or a designee.

Dependent Education Allowance

An education allowance is available for eligible, dependent children of expatriates living and working in Chile, for grades Kindergarten to 12th grade ("Cuarto Medio") inclusive.

The value of the benefit is the lesser of the actual cost of tuition or an amount equal to the appropriate grade tuition charged at the International School in La Serena.

This policy does not include reimbursement for pre-school tuition or expenditures for dependent children below Kindergarten. In addition, the Dependent Education Allowance for Expatriate staff at AURA-O does not include reimbursement for any college expenses, including but not limited to: fees for college entrance exams, fees for applications for entrance to a college or university or fees for tuition, or any expenses associated with classes beyond the 12th grade. Finally, Textbooks are not an allowable expense for reimbursement. Therefore, AURA does not reimburse payment for textbooks.

Note that this policy applies only to expatriate staff, and does not refer to education allowances for the dependents of AURA-O employees in Chile with local contracts. Terminal Year Option

With the approval of the Center Director, the employment/transfer letter or Service Agreement may include a statement permitting the employee to request that he/she spend the terminal year of his/her contract or agreement working in Tucson (NOAO) or Hawaii (Gemini) while conducting a job search. This option is available only to employees who have completed at least three but less than six years of employment in Chile.

E. HOLIDAYS

There are fourteen (14) holidays, designated by the Center Directors in Chile.

F. REPATRIATION OF REMAINS

In the event of the death of the expatriate or a dependent residing with the expatriate in Chile, AURA will pay the costs of repatriation to the Point of Origin or to any less distant point.

G. GUIDELINES AND REPORTS

1. GUIDELINES

The Center Directors will establish and report Relocation Payments and Mobility Allowances guidelines for "Key Personnel" on an annual basis to the President of AURA.

2. ANNUAL REPORT

On or before the beginning of each Center's reporting year the Center Director will provide a report to the President of AURA regarding the status of this Policy and its application. This report will include:

- a. The value of the Cost of Living Indices to be used in the next reporting year, along with evidence supporting such value;
- b. A copy of the Relocation Procedure guidelines to be used in the next reporting year;
- c. A record of payments made to individuals under the Relocation Procedures in the ending reporting year;
- d. A copy of each Service Agreement placed during the ending reporting year; and,
- e. A description of any deviations from the Relocation Procedure guidelines during the ending reporting year, along with supporting commentary.

H. GRIEVANCE

Due to the unique character of the AURA presence in Chile and the establishment of AURA Observatory Support Services to enable the operation of those facilities, grievance policies and procedures have been established by the management of AOSS. Those policies and procedures carry out the concepts of the Chilean Labor laws. Chilean law takes precedence with regard to the treatment of AOSS staff.