

Why Your Company Should Embrace Digital Nomads with A Documented Policy

Employee Benefits News | Kelly Beckner | April 19, 2022



Pexels

The end of most COVID-19 restrictions is being greeted with lots of hugs and cheers — and a big push from politicians and city centers for workers to come back to the office and repopulate downtown areas. While some offices are filling up, many more employees aren't eager to give up the flexibility that working outside the office provides.

Companies that embrace remote work policies are winning acolytes. But along with the work-from-home crowd, there's another, distinct group of employees that companies need to recognize: digital nomads.

When the global pandemic untethered people from their desks, many traditional job holders took to the road. Some were domestic nomads, shuttling from family to friends across the U.S. Others became international travelers, exploring Caribbean islands or heading to Norway to see the Northern Lights.

MBO Partners' annual digital nomad survey found that the number of digital nomads with a traditional job increased by 42% in 2021, growing to 10.2 million. These workers are, on

average, well-educated, highly skilled, and digitally savvy. The vast majority of them (85%) also report remarkably high levels of job satisfaction.

And the share of digital nomads who are younger workers increased too. Gen Z's share grew from 19% in 2020 to 21% in 2020. Millennials' share increased from 42% to 44%. In addition to being less worried about COVID-19 than older workers, Gen Z and Millennials generally have more location flexibility due to their stage in life. Gen X's share stayed stable at 23%.

A digital nomad policy will help you attract top talent while mitigating risk.

As HR departments rewrite their policies for the remote workforce, it's critical that you put in place a digital nomad policy. Having a digital nomad policy will not only allow your company to attract and retain top talent but will also protect you from regulatory and legal risks.

As laws vary by state and by country, digital nomads can inadvertently create a "permanent establishment" for your company — exposing you to new tax, regulatory, and compliance laws. Employers may unwittingly break employment laws when they're not even aware that an employee is working from a particular location. Other considerations for your business: most U.S. health care plans do not cover employees living abroad. This also applies to workers' compensation.

Digital nomad policies will vary by company and industry, but there are three standard components that should be in yours.

- Get it in writing. Your policy should include a provision for a written agreement with every employee who is a digital nomad.
- Define compliance responsibilities. How many calendar days in a 12-month period can a digital nomad work in any particular jurisdiction? Are their countries they can work in without additional approval? Your policy should outline all your digital nomad's compliance responsibilities, including immigration, tax, and other legal considerations.
- Establish insurance coverage. Your policy should provide for digital nomads to maintain specific insurance coverages, including workers' comp and global health and evacuation coverages.

In addition, don't forget about corporate security. Your policy should have a clause addressing laptop security, including ensuring that your digital nomad's equipment has updated encryption, malware, and anti-virus software.

The pandemic upended how and where we work, and many of those changes are here to stay. More and more workers across generations want the freedom to travel and work remotely from anywhere in the Internet-connected world. Companies that embrace digital nomadism via a documented policy not only mitigate their risks but also enhance their ability to attract and retain these high-skilled, in-demand workers.