

PTO POLICY GUIDE

CLIENT RESOURCE CENTER



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WHO IS ELIGIBLE FOR PAID TIME OFF?

- Will only certain employees be allowed to accrue PTO, or will it be for everyone?
- If just certain employees, what will qualify them to accrue it (for example, FT employment, a specific department, a certain length of service, etc.)?

HOW MANY DAYS (HOURS) WILL AN EMPLOYEE BE ALLOWED TO ACCRUE EACH YEAR?

- Will employees with longer lengths of service be allowed to accrue more days (hours)?
- For example: in an employee's first year of service, they will get 5 days (40 hours), from their second to their fifth year of service they will get 10 days (80 hours), from their sixth year on, they will get 15 days (120 hours).

HOW WILL EMPLOYEES EARN THESE HOURS?

- Based on the number of hours they work (i.e, some rate x worked hours in that pay period)?
- As a lump sum at the "beginning of the year"? *see carryover below
- A certain amount with each pay period, or per month, or per quarter?

DO EMPLOYEES BEGIN ACCRUING HOURS IMMEDIATELY UPON DATE OF HIRE?

- If not, when will their PTO accruals begin?
- If yes, will they be allowed to use the accrued hours right away, or is there a probationary period?

WILL EMPLOYEES BE ALLOWED TO CARRYOVER ANY UNUSED HOURS, OR WILL IT BE A "USE-IT-OR-LOSE-IT" BENEFIT?

- If so, what will be considered the "carryover mark" -- Jan 1st or the employee's anniversary date?
- If so, how many hours will be allowed to carryover? ALL unused hours? Just a portion/set amount?

WILL YOUR EMPLOYEES BE MAKING THEIR TIME OFF REQUESTS VIA THEIR SELF SERVICE ACCOUNTS (DIRECTLY INSIDE OF ISOLVED), OR WILL YOU HAVE SOME OTHER PROCESS FOR REQUESTS AND APPROVALS?

- If via iSolved, will an employee be allowed to request time off for hours greater than his/her current accrued balance? For example: If employees earn hours incrementally with each pay period, and Employee A currently has 16 hours available, can he submit a request for time off a month from now for 48 hours total, in expectation of having the necessary balance at that time?

IF YOU ARE ABLE TO ANSWER THE ABOVE QUESTIONS, WE CAN EASILY BUILD OUT YOUR PTO PLAN INSIDE OF ISOLVED SUCH THAT:

1. Your current employees' balances can be entered and will then have applicable accrued time automatically added and any used time automatically deducted as you process payroll;
2. Any new hires can have the policy automatically activated for them if they meet eligibility;
3. Accrual rates will automatically adjust based upon an employee's length of service (if you choose to do a tiered plan);
4. Employees will see their available balances on their pay stubs for easy reference;
5. Time Off Requests can follow a workflow that is initiated by the employee via their Self Service account, email notifications will be sent to both the approver and the employee throughout the process, and approved requests are displayed on the Employee's Calendar inside their Self Service accounts.

NOW, JUST A COUPLE OF "HELPFUL TIPS" WITH REGARD TO ACCRUAL PROCESSES AND CARRYOVERS:

- **If you choose to do a tiered accrual, such that employees are awarded more yearly hours with greater lengths of service, then an ANNIVERSARY DATE-based plan is the only way to do this properly.**
- PTO plans that set "lump sum payouts at the beginning of the year" (i.e., Jan. 1st), cannot accommodate employees' length of service well, since an employee who has been with you one month on Jan 1st will be treated just like the employee who has been with you for 11 1/2 months on Jan. 1st, since they are both "technically" within the employee's "first year of service."
- Therefore, the 11 1/2 month employee would have to wait another full calendar year before the system awarded him the "second year of service" allowance.
- **If you choose to do any kind of incremental awarding of hours** (such as per hours worked or per pay period then allowing a carryover of unused hours at the year end is the only way to allow employees the benefit of having earned hours within that final (or last few) pay periods.
- » **For example:** if employees earn 2 hours of PTO with each pay period, but no carryover is allowed, they would need to be sure to take 2 hours off during the pay period right before the carryover marker (Jan 1st or anniversary date) in order to not have them automatically lost because of no carryover allowance.

- **If you choose to allow for “unlimited,” but do not want employees to have an excessive PTO balance available, we can also set a BALANCE limit. Carryover can either be set to “unlimited” or a set amount.**

» **For example:** if an employee could accrue 120 hours of PTO a year and was allowed unlimited carryover of un-used hours, you could set a balance limit of 200 hours, whereby the employee could not accrue hours beyond that until he/she began to reduce his/her balance by using them.

» By setting a CARRYOVER limit, you encourage your employees to use their accrued time off during the year, as well as safe-guard against excessive balances. Additionally, we can set a time limit as to how long carried-over hours will be available for use.

- **If you want to allow PTO for both full time and part time employees, but do not want them to have equal accruals, then a “per hour worked” policy will accommodate for that.**

» **For example:** if the rate per hour worked is 0.025 hours, then an employee who works 20 hours within the week would earn 0.5 hours, while an employee who worked 40 hours would earn 1 hour. It is possible, however, to also have separate policies for FT vs. PT employees, if you were wanting to do a lump-sum accrual of unequal amounts.