PAID TIME OFF AND FLEXIBLE SCHEDULING toolkit
Employees value Paid Time Off (PTO) and workplace flexibility. As an employer, it’s important to understand the significance of providing paid time away from work as well as flexible work options. According to Office Vibe, 60 percent of employees notice that their job is taking a toll on their personal lives. PTO and flexibility may seem like expensive options for small businesses, but in most cases, the benefits outweigh the expense.

A few of the benefits include:

**Work-Life Balance**
When an employee is provided the flexibility and to participate in the things that matters to them, it increases the likelihood of providing work-life balance.

**Employee Engagement**
In general, employees want to feel they are important and that their employer cares about them as individuals. Providing PTO and flexible scheduling is a method employers may use to show their employees that they view them as a valuable resource. In return, employees will value their employer.

**Increase Productivity – Decrease Stress**
Employees who are offered PTO and flexible work options also tend to be more productive when they are at work. Being able to take time off work without worrying about the financial aspect of missing work allows employees to handle personal issues outside of the workplace. The result is fewer distractions while at work, which results in increased productivity.

**Competitive Advantage**
The great news is that PTO and flexible scheduling are actually relatively low cost benefits, regardless of the size of the company. In most cases, PTO is a great tool for small businesses to not only compete with but also surpass big business competitors.
Employee Retention
Employees who are satisfied with their job and their benefits are less likely to quit. A survey conducted by FRACTL found that after health insurance, employees place the highest value on time off benefits, including flexible hours, more vacation time and work-from-home options.

Which Benefits Are Most Valued by Job Seekers?
When choosing between a high-paying job and a lower-paying one with better benefits, respondents said health insurance and flexible hours might tip them toward the latter.

Recruiting Benefits
According to a Glassdoor, about 60% of people report that benefits and perks are a major factor in considering whether to accept a job offer. The survey also found that 80% of existing employees would choose additional benefits over a pay raise.
Fewer Unplanned Absences
When employees are provided with flexibility and are allowed to take PTO at their discretion, it results in a decrease in unscheduled absences from work. Employees are able to proactively schedule appointments or days off to spend with family or friends when they have a bank of paid hours to use.

TYPES OF PAID TIME OFF
As an employer, there is flexibility in what PTO is offered. There are several types of PTO benefits. The following pages include a breakdown of the most common kinds of PTO benefits. Review these options to determine which types of PTO perks will work for your company.

Sick Leave
Sick time is defined as any paid time off you give employees due to illness or injury. Sick time can be unplanned or foreseeable and is typically used when an employee is sick or when an employee needs to care for a family member with a serious health condition.

Pros
• Increased employee engagement due to job and financial security
• Helps retain employees who time to care for sick family when FMLA is not applicable

Cons
• Last-minute absences
• Abuse of benefit (i.e., employees call in near holidays)
• Can be difficult to track

Sick Leave Details
Take time to define your sick time policy. Below are some frequently used sick time considerations. Review and determine what type of policy details will work for your company:

General
• Sick leave is separate from maternity leave and paid time off. Employees may use sick leave to recover from sudden illness, accidents/injuries, and/or mental/psychological care or counseling when necessary.
• Employees who take time off for routine doctor’s appointments or similar should use their Paid Time Off.
Eligibility
• Employees who have worked for (Company Name) for at least six months are eligible for sick leave.
• Employees will receive two additional days of sick leave upon every employment anniversary.
• Employees who have been employed with (Company Name) for (time frame) will receive (hours/days) of sick leave each year.

Notification
• Employees who wish to use sick leave must let their supervisor know as soon as possible. Twenty-four hour notice is preferred when feasible.
• Employees should also inform their supervisor of how long they will be absent from work or report daily for every day of sick leave to ensure that their work duties are assigned to other team members.
• Employees who are absent from work must notify their supervisor with a phone call.
  A text message or e-mail will not suffice.
• If an employee is absent for more than three days, he/she will be required to submit a physician’s note or other medical certification to their supervisor.

Unused Sick Leave
• Employees who have unused sick leave at the end of each year will be paid for the unused time.

Abuse of Sick Leave
• Employees who request excessive amounts of sick leave may be advised to consider FMLA.
• If requesting sick leave for unacceptable reasons, or if any other pattern of abuse is noticed, the employee may be subject to disciplinary action.
SAMPLE SICK LEAVE POLICY

(Company) gives employees who become ill (number) days off so they may take time off to rest. The reasoning behind sick leave is so employees who become ill may take time off to rest and not come to work and get co-workers ill.

Employees who have worked for (Company) for at least six months are eligible for sick leave. Employees will receive two more days of sick leave upon every employment anniversary.

Employees who have been employed with (Company) for 5+ years will receive (number) days of sick leave each year.

Sick leave is separate from maternity leave and paid time off. Employees may use sick leave to recover from sudden illness, accidents/injuries, and/or mental/psychological care or counseling when necessary. Employees who take time off for routine doctor’s appointments or similar should use their regular PTO.

Notice Requirements
Employees who wish to use sick leave must let their supervisor know at least 24 hours in advance when possible. Employees should also inform their supervisor of how long they will be absent from work, or report daily for every day of sick leave so work duties may be assigned to other team members. Those who are absent from work must notify their supervisor with a phone call. Text messages and email notifications will be not be accepted as appropriate notice. If an employee is absent for more than three days, the employee will be required to submit a physician’s note or other medical certification to their supervisor.

Unused Sick Leave
Employees who have unused sick leave at the end of each year will be paid for the unused time.

Abuse of Sick Leave
- Employees who request excessive amounts of sick leave may be advised to FMLA.
- If requesting sick leave for unacceptable reasons, or if any other pattern of abuse is noticed, the employee may be subject to disciplinary action.
Holiday Leave

Holiday pay can come in a variety of forms, often depending on whether or not the employee works on the holiday. The Fair Labor Standards Act (FLSA) does not require employers to provide paid or unpaid time off for federal holidays. If your employees work on these holidays, it is recommended to provide employees with a minimum of their regular wages, but you can also provide a premium holiday pay rate, although not required by the FLSA.

Holiday Leave Details

Below are some frequently used holiday paid time off. Review these options and determine what type of policy details will work for your company:

- Exempt employees are entitled to their normal compensation without any deductions for holidays our company observes, whether they work on the holiday or not.
- Part-time employees will be paid according to the number of hours they would have worked on that particular day.
- Permanent non-exempt employees are entitled to receive holiday pay in addition to their regular compensation after they have been with us for more than (months/year) on a full-time basis.
- Temporary non-exempt employees are not entitled to holiday pay.
- Apart from observed state and national holidays, some employees may observe separate religious holidays. In accordance with anti-discrimination practices, we will allow employees to take unpaid time off for religious holidays.
- Employees can also choose to use their floating day or PTO for religious holidays. If they need to use unpaid time-off, they should consult with HR. The HR department will examine and grant employee requests on a case-by-case basis.

Questions to Consider

- What holidays will be included?
- What will be the procedure for holidays that fall on weekends or days employees regularly have off?
- Do employees get the day off or are they expected to work?
- Are employees required to work a certain number of holidays each year?
- Will you offer a premium holiday pay rate?

Please note: If you decide to provide paid or unpaid leave for federal holidays, the U.S. Office of Personnel Management provides a list every year of the observed federal holidays and their respective dates.
SAMPLE HOLIDAY LEAVE POLICY

Purpose: To provide eligible employees with paid leave for recognized holidays.

Policy: (Company Name) recognizes seven days throughout the year as paid holidays for its regular, benefits-eligible employees. Those holidays are New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day.

Guidelines:
- Employees who are regularly scheduled to work 20 or more hours per week are eligible for holiday pay.
- Holiday pay is offered at the regular straight time rate for the number of hours in an average workday.
- An employee must work the day before the holiday and the day following the holiday to be eligible for holiday pay.
- When the recognized holiday falls on a Saturday, the preceding Friday shall be considered the Company holiday. When the recognized holiday falls on a Sunday, the following Monday shall be considered the Company holiday.
- Employees are not eligible for holiday pay while in an out-of-pay status, such as leave of absence or layoff, or while receiving short-term disability benefits.
- If a Company holiday occurs on an eligible employee’s vacation day, it may either be counted as a holiday instead of a vacation day, or it may be added to the vacation period as an extra day of vacation.
- Biweekly employees who are eligible for paid holidays but are required to work on a Company holiday will be paid at one and one half times their regular rate. Monthly employees who are required to work on a holiday will be paid their regular salary and are entitled to another day off.
- Biweekly employees who are required to work on a holiday that falls on their regularly scheduled day off will be paid at twice their regular rate and will receive another day of paid time off either thirty days before or thirty days after the recognized holiday. Unused holiday pay is paid out at the time of termination.
- Holiday pay will not to be counted toward hours worked in the computation of overtime.
- Employees covered by negotiated agreements will receive paid time off for holidays in accordance with that agreement.
- Unused holiday pay is paid out at the time of termination.
Vacation Leave

Paid vacation days allow an employee to be paid when he or she takes voluntary time off from work. Most organizations voluntarily provide paid time off to employees as a benefit. According to the Bureau of Labor Statistics, 73 percent of workers in private industries are given paid vacation days by their employer. Increasingly, the best employees, the candidates you most want to hire, view paid vacation days as part of their comprehensive employee compensation package.

The number of paid vacation days generally accrues based on their years of service to the organization and the level of their position. However, given the changing work dynamics, you may want to consider a tenure-based PTO bank to remain competitive in attracting top talent.

### Maximum Amount of Vacation Days Allowed for Non-Management Employees

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>0-5 days (40 hours or less)</th>
<th>6-10 days (48-80 hours)</th>
<th>11-15 days (88-120 hours)</th>
<th>16-20 days (128-160 hours)</th>
<th>22-25 days (168-200 hours)</th>
<th>26-30 days (208-240 hours)</th>
<th>31+ days (241+ hours)</th>
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<td>61%</td>
<td>28%</td>
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<td>60%</td>
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<td>13%</td>
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<td>25%</td>
<td>38%</td>
<td>17%</td>
<td>8%</td>
<td>2%</td>
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</tbody>
</table>

Survey conducted by Zywave-2017
SAMPLE VACATION LEAVE POLICY

(Company Name) recognizes the importance of employees having the opportunity for leisure time and to attend to non-work matters. Therefore, the company will attempt to grant all exempt employees vacation leave at the time they desire to take it. However, the company must maintain adequate staffing at all times. Therefore, vacations must be scheduled in advance and with prior written approval from the employee's supervisor.

Eligibility: All regular, full-time, non-exempt employees are eligible for vacation accrual on a weekly basis.

Vesting: Vacation is earned by eligible employee each week in the following amounts:

- At a rate of 1.69 hours per workweek from the date of hire to their 5th anniversary (equivalent to approximately 88 hours or 11 days per anniversary year).
- At a rate of 2.46 hours per workweek from their 5th anniversary to their 15th anniversary (equivalent to approximately 128 hours or 16 days per anniversary year).
- At a rate of 3.23 hours per workweek beyond their 15th anniversary (equivalent to 168 hours or 21 days per anniversary year).

Vacation Scheduling Conflicts: When conflicts occur, they will be resolved fairly as deemed appropriate by management. All other factors being equal, preference will generally be given to the employee who makes the earliest request, but other legitimate factors may be considered, including seniority and the amount of vacation time already taken by the employees involved.

Minimum Vacation Time Increments: Vacation may be taken by eligible employees with prior supervisor approval, at times that best meet the requirements of the company. Employees must take vacation time in increments of at least one hour. It is each supervisor’s responsibility to monitor vacation absences and to ensure that they do not become excessive in relation to the hours worked by the employee.

Notice of Absence: Generally, requests for vacation days must be submitted to the supervisor at least one week in advance. Employees may have the right in certain circumstances to make leave requests under the Family and Medical Leave Act (FMLA) or other laws on shorter notice. If the employee is requesting vacation leave for family or medical purposes, the employee should make sure that this purpose is made clear to management. The supervisor must approve any exceptions to this provision or any conflicts in scheduling. A department may impose additional guidelines as necessary to ensure efficiency and adequate staffing levels.
Unused Vacation Time: An employee may carry forward a total of up to 160 hours of unused vacation time. When employees accumulate 160 hours of vacation, they will cease accruing additional vacation until such time as the employee’s total accumulation of unused vacation is less than 160 hours.

Termination of Employment: Upon termination of employment, all accrued but unused vacation time will be paid out at the rate of pay applicable at the time of termination.

Pay In Lieu of Vacation: The company will not pay employees for unused vacation except upon termination of employment.
**Medical Leave**

The Family and Medical Leave Act (FMLA) is a federal law that provides eligible employees (those who have worked for the employer for at least 12 months and worked at least 1,250 hours for the employer during the 12-month period immediately preceding the leave request; and is employed at a location where a covered employer has at least 50 employees within a 75-mile radius) with unpaid, job-protected leave for qualifying family members and qualifying medical reasons.

- FMLA provides eligible employees up to 12 work weeks of unpaid leave per year. Depending on the medical condition, employees may take the 12 weeks consecutively or intermittently.
- FMLA requires group employee benefits to be maintained during the leave as if the employee continued to work.
- Employees returning from FMLA leave are entitled to return to their same position or to an equivalent role.

Not all employers need to adhere to FMLA, and not all employees are eligible. To review a breakdown of the FMLA requirements, check out the [FMLA Job Aide](#).

**Bereavement Leave**

Bereavement leave is leave taken by an employee due to the death of another individual, usually an immediate family member. The time is usually taken by an employee to grieve, prepare for and attend a funeral, and/or to tend to any other immediate post-death matters. Having a written policy can help you treat your employees fairly, should they need to use bereavement leave. Here are some things you should consider in your policy:

- How much bereavement time will be offered?
- For whom may employees use bereavement leave?
  - Parents
  - Siblings
  - Children
  - Grandparents
  - Aunts
  - Uncles
  - In-laws
- How long must an employee work for the company before they are eligible for bereavement leave?
- How must employees notify their supervisor of their desire to use bereavement leave?
SAMPLE BEREAVEMENT LEAVE POLICY

When a death occurs in an employee’s immediate family, all regular (full-time/part-time) employees may take up to \textit{(number)} days off with pay to attend the funeral or make funeral arrangements.

The pay for time off will be prorated for a part-time employee if the funeral occurs on a scheduled workday. \textit{(Company Name)} may, in unusual circumstances, require verification of the need for bereavement leave.

“Immediate Family,” as Defined for Bereavement Leave: Immediate family members are defined as an employee’s spouse, parents, stepparents, sisters, brothers, children, stepchildren, grandparents, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, or grandchild.

Non-family Member Funeral Leave: All regular, \textit{(full-time/part-time)} employees may take up to \textit{(number)} days off with pay to attend the funeral of a non-family member. This time off will be considered and granted by the employee’s supervisor on a case-by-case basis.

Additional Time Off: \textit{(Company Name)} understands the deep impact that death can have on an individual or family. Therefore, additional non-paid time off may be granted. The employee may make arrangements with his or her supervisor for an additional four unpaid days off in the instance of the death of an immediate family member.

Additional unpaid time off may also be granted depending on various circumstances, such as distance, the individual’s responsibility for the funeral arrangements, and the employee’s responsibility for taking care of the estate of the deceased. Individual employee circumstances may be discussed with the employee’s supervisor and Human Resources to determine whether additional considerations are needed. It is the company’s intention to support employees during times of grief and bereavement.
Combined Paid Time Off
Combined PTO creates a bank of hours that employees can draw from for a number of reasons, including taking a vacation, taking care of a sick child, going to a doctor’s appointment or needing a personal day off from work. For instance, if the employer would like to offer two weeks of vacation, two personal days and eight sick leave days, then they would provide the employee with a bank of 120 hours of paid time off. Instead of these days being itemized by the employer for a specific purpose, the employee uses the days at his other discretion.

In most cases, this type of combined PTO does not include paid holidays, bereavement leave, jury duty leave, or leave for military service.

There are two ways to distribute PTO days. Some companies choose to credit the full annual number of days to the employee’s account on Jan. 1. Others prefer the days to accrue throughout the year and deposit days each pay period. Using the example above, if an employer pays bi-weekly, the employee would accrue 4.62 hours every two weeks. The employer also decides what increments of time can be taken as paid time off. Most often one-hour increments are used.

- **Pros**
  - A culture of trust and respect between employee and employers is emphasized.
  - Healthy employees don’t feel as though they receive less time off since they have not been ill.
  - Employees do not have to lie about being sick to take care of personal issues that they would rather not discuss with their employer.
  - Administration is not as complex and does not require as much guidance.

- **Cons**
  - Employees may not want to use paid time off when they are sick in order to increase the number of days they can use for vacation.
  - If employees use up all of their paid time off early in the year, they may not have anything left in case they are sick toward the end of the year.
  - Can create resentment amongst employees, as some time to care for sick children or elderly parents, while others use time for recreation and vacation.

These types of combined PTO plans generally work best in an environment where they is already a level of trust and open communication with employees. These plans put a little more control back in the hands of employees and promotes work-life balance by allowing employees to determine when they should take time off, and what they should use it for.

It is up to your company to decide whether or not you should require your employees to explain what they’re using their paid time off for. Generally, employees can use their PTO however they want to. As a result, many managers don’t feel comfortable asking “why” when an employee submits a paid time off request. However, it sometimes makes sense to do so.
SAMPLE COMBINED PTO POLICY

All full-time employees, both exempt and non-exempt are eligible to accrue PTO. This PTO allowance combines vacation, sick, and personal time into one bank that can be used for any of these reasons.

We understand that our employees need time to rest and enjoy themselves outside of work. We also understand that employees may have times when they need to be off work for an appointment or because they or a family member are ill.

Each full-time employee will accrue PTO bi-weekly in hourly increments based on their length of service as defined below.

- At a rate of 3.38 hours per bi-weekly pay period from date of hire to their 5th anniversary (equivalent to approximately 88 hours or 11 days per anniversary year).
- At a rate of 4.92 hours per bi-weekly pay period from their 5th anniversary to their 15th anniversary (equivalent to approximately 128 hours or 16 days per anniversary year).
- At a rate of 6.46 hours per bi-weekly pay period beyond their 15th anniversary (equivalent to 168 hours or 21 days per anniversary year).

PTO is added to the employee’s PTO bank when the bi-weekly paycheck is issued. PTO taken will be subtracted from the employee’s accrued time bank in one-hour increments. Temporary employees, contract employees, and interns are not eligible to accrue PTO.

PTO is not earned in pay periods during which unpaid leave, short or long term disability leave, or workers’ compensation leave are taken.

Employees may use time from their PTO bank in hourly increments. The time that is not covered by the PTO policy, and for which separate guidelines and policies exist, include company paid holidays, bereavement time off, required jury duty, and military service leave.

To take PTO requires two days of notice to your supervisor unless the PTO is used for legitimate, unexpected illness or emergencies. In all instances, PTO must be approved by the employee’s supervisor in advance. We appreciate as much notice as possible when you know you expect to miss work for a scheduled absence.
An employee may carry forward a total of up to 160 hours of unused PTO at the end of their anniversary year. When employees accumulate 160 hours of PTO, they will cease accruing additional vacation until the employee’s total accumulation of unused PTO is less than 160 hours.

Upon termination of employment, all accrued but unused PTO will be paid out at the rate of pay applicable at the time of termination.

The company will not pay employees for unused PTO except upon termination of employment.
Unlimited Paid Time Off
To attract high-performance candidates, more companies are starting to offer unlimited vacation as a way to provide more work-life balance. A basic unlimited PTO policy is similar to a normal PTO bank policy except that employees are not given an allotted number of days off. Employees can take as many vacation, sick and mental-health days as they need, so long as they are meeting their performance goals.

This type of policy does not mean that an employee can take unplanned time off, except for sick days or similar emergencies. PTO requests must still be approved by a manager as with traditional PTO or vacation time policies. Your company's established work schedule or flex-time benefits can remain the same as they would be with traditional PTO.

Studies show that, for the most part, employees with unlimited PTO frequently end up taking about the same amount of time off as employees who have an allotted amount of PTO. In some cases, employees who have unlimited PTO benefits actually have to be encouraged to take more time off. When unlimited PTO is offered, some employees may be afraid to take “too much,” detracting from the goal of giving employees the guilt-free time off needed to take care of personal or family matters, relax on vacation, or recover at home when sick.

If your company doesn’t currently provide unlimited vacation time for employees, this can be very confusing to employees at first. It is important to create a written policy that outlines the unlimited vacation benefit structure, including the following considerations:

- Does this type of leave fit your company culture?
- Who is eligible?
- How do employees request time off?
- What is the minimum required days off employees must take each year?
- What rules surround the use of this benefit?
- What are the consequences of abuse of this benefit?
- What are the maximum number of days an employee can take consecutively?

Pros
- Saves time
- Increases employee job satisfaction
- Employees take less time off

Cons
- Potential employee abuse
- Missed deadlines/difficulty planning projects
- Some leave may still be tracked
SAMPLE UNLIMITED PTO POLICY

All full-time and part-time employees are eligible for unlimited PTO.

We understand that our employees need time to rest and enjoy themselves outside of work. This unlimited PTO allowance is based on mutual trust between the company and employee. Employees may take as much time off as they would like, as long as they fulfill their job duties. While there is no limit on how much PTO is used each year, employees must take a minimum of at least (number) days off per year to avoid exhaustion and to have a work/life balance. Employees who do not take the minimum required days off per year will be required to perform an act of community service during work hours to give them time away from the office.

(Company Name) will track all employee PTO to ensure employees take the required minimum number of days off. Since employees do not accrue PTO, the company will not compensate unused PTO. The unlimited PTO policy does not interfere with employees who are on maternity leave. Employees who are on maternity leave may take up to 12 weeks of FMLA, which is separate from the unlimited PTO policy.

Employees who abuse unlimited PTO by taking excess time off that negativity impacts their job and the company are subject to discipline, up to and including termination. Employees must communicate with their team to ensure everyone takes time off without disrupting job duties and company operations.

Those who take time off must notify their supervisor at least two weeks in advance so planning and delegating of duties/tasks may be assigned. Employees are advised to coordinate with their team members to ensure fairness and efficiency when taking time off. Time off requests are on a first come, first serve basis. There may be periods of time where time off requests will be denied, including instances that interfere with important deadlines or high-demand business requests.
**Bona Fide Leave Bank**

A Bona Fide Leave Bank is an efficient way for a company to administer paid time off for salaried exempt employees. The Fair Labor Standard Act requires, in most cases, that salaried exempt employees be paid their entire salary for any day in which they perform work. Partial day absences cannot be deducted from a salaried exempt employee's pay. It also requires that employees be paid for any days they are absent from work due to sickness or disability.

A Bona Fide Leave Bank allows an employer the flexibility of taking deductions from an employee's leave bank balance when the employee has worked less than the agreed upon hours in a workweek or pay period. For example, if an exempt employee is expected to work 40 hours in a workweek in return for a guaranteed salary and that employee only works 38 hours, the company will still pay the employee their guaranteed salary, however, two hours will be deducted from the employee's leave bank balance to cover the time the employee did not work.

If an employee takes more time off than is available in the leave bank, he or she will still be paid his or her full salary for partial day absences but will have a negative balance.

If an employee has a negative balance in his or her leave bank and he or she misses a full day of work, the company can deduct a day's pay from the employee's guaranteed salary. Deductions from pay can only be made when an employee missed a full day of work, deductions cannot be made for partial day absences. However, a partial day absence will increase the negative balance in the employee's leave bank.

If an employee has a negative balance in their leave bank and the employment relationship ends for any reason, the company may deduct the negative balance for the employee's leave back from his or her final paycheck.

You may also decide whether you want to pay out positive balances to terminating employees upon separation. Check your state laws for guidance on payout of PTO upon termination.
SAMPLE BONA FIDE LEAVE BANK

Beginning immediately, (Company Name) will institute a “Leave Bank” program for certain salaried exempt employees.

The leave bank program is instituted to cover paid time off that is available as PTO (personal leave time, sick time, etc.) and vacation time.

Under this bona fide leave bank plan, deductions can be made against the salaried exempt employee’s leave bank for full and/or partial day absences.

When an employee is unable to work their full schedule, the time missed will be deducted from the employee’s leave bank.

For example: if a salaried employee must miss a partial day of work, the number of hours missed will be deducted from the employee’s leave bank. The employee will receive a full day of pay for the day in question. However, the amount of available hours in the leave bank will decrease by the number of hours missed.

In the event the leave bank is depleted, deductions from pay may be made for full day absences (i.e. sickness or disability, extra vacation days, ski days, fishing days, amusement park trips, FMLA qualified leave days, etc.).

When an employee misses a partial day of work after the leave bank has been depleted the employee will still be paid their full day salary; however, this will create a negative amount in the leave bank. A negative leave bank balance will be indicative of an employee who has taken an excessive amount of time off during the reporting year.

When an employee has a negative balance in the leave bank and meets the qualifications to received additional PTO, the negative balance will be applied to the “new” deposit which will result in a lesser balance being available.

Employees who have a negative balance in their leave bank at the time employment ends will be assessed an amount equal to the negative balance on their final pay check.
Hours Worked: All salaried employees are expected to work \( \text{(enter number of hours required by the company)} \) hours per week. All salaried employees will be paid full salary wages each week; regardless of how many hours are actually worked. However, a deduction will be made from the Leave Bank for hours not worked during the work week.

Example: Salaried employees are required to work 40 hours per week. John Smith only worked 38 hours this week but will be paid for 40 hours as usual, however, 2 hours will be deducted from the Leave Bank to cover the 2 hours not worked.
CREATING A PAID TIME OFF (PTO) POLICY

Creating a paid time off policy for your company can quickly become confusing and complicated. This section will provide guidance about the various characteristics and frequently asked questions surrounding PTO to assist you in establishing a PTO policy that fits your company culture and allows you to reap the rewards of providing the benefit that your employees want most. Take some time to respond to the following "Who, What, Where, When and How" questions to determine the PTO benefits details that will work best for your company:

Who Will Receive PTO?
It is important to decide beforehand which employees will be eligible for your PTO benefit. Customarily, PTO is provided to full-time employees, but an employer can determine if they would also like to provide PTO to part-time employees. (Starbucks does!)
- Full Time Employees
- Part-Time Employees

What PTO is Required? (Federal)
Employers have some flexibility when it comes to establishing or negotiating employee leave policies. However, there are a few Federal requirements to keep in mind:
Federal Requirements
Federal laws, such as the Family and Medical Leave Act (FMLA), require covered employers to provide employees with leave in certain situations. To review a breakdown of the FMLA requirements, check out the FMLA Job Aide in the Helpside Human Resource Toolbox.

Where PTO is Required? (State)
Leave policies vary state-by-state.
State Requirements
State laws regarding different types of employee leave vary based on the state. To review a breakdown of state requirements, check out our Employee Leave Laws By State and Vacation Pay Laws By State resources.

When are New Employees Eligible for PTO?
Consider eligibility options:
- Employees who have worked for (Company Name) for at least six months are eligible for (PTO benefit) leave.
- Employees will receive (hours/days/week) of (leave type) every (quarter/year).
- Employees who have been employed with (Company Name) for (time frame) will receive (hours/days) of sick leave each year.
- You may even have different leave options depending on work group, i.e. exempt vs. non-exempt employees.
How to Set Expectations
It is important to establish expectations about how to utilize PTO and to clearly communicate consequences for misuse or fraud around use of PTO. By adding an enforcement statement to your policy that matches your company’s corrective action process, you will deter potential misuse of PTO.

- Employees may be subject to disciplinary action, up to and including termination for misuse of paid time off time if they are engaging in fraud or abuse of benefits available under this policy.
- Employees will be subject to the company’s progressive corrective action process if found in violation of PTO use guidelines. Formal consequences that fall under the umbrella of corrective action include:
  - Verbal Warning
  - Written Warning
  - Final
  - Termination

How Do Employees Request Time Off?
It is important to determine beforehand how you would like employees to notify you of their time off.

- Employees planning to take PTO leave must notify their supervisors in advance and request approval.
- Employees should try to provide a month’s notice when requesting a week or more of PTO.
- Employees should also note that PTO leave does not entitle individuals to take time off without notice. Such actions can lead to disciplinary action, up to and including termination.

How to Manage Time Off Requests Fairly?
The most common method employers use to manage time off during holidays is the first-come first-serve approach, followed by seniority.

- First-come, first-serve. Whoever submits their request first is granted the time off. You want to be flexible; some employees may consistently be first to submit a time off request but you don’t want the same employees stuck working every holiday, so rotating who works what holidays is helpful, too.
- Seniority. This is best used when requests for time off are equally valid but conflicting.

How to Manage Employees’ PTO
Every industry has high-intensity seasons in which too much time off is difficult on the organization. Because of this, it may be best for the business to establish a deadline for when time off requests can be made for these seasons. Depending on your business needs, you may even want to take it a step further and set a time frame for when requests can be submitted. This will prevent employees from making requests for the following year when potential new hires haven’t started working yet.
WORKPLACE FLEXIBILITY OPTIONS

There are many types of flexible work arrangements being implemented at organizations of all sizes and across all industries. Here are a few examples:

- Part-time employment (reduced work hours)
- Flexible scheduling (employees are available within core hours during the day, but may vary the times they arrive in the morning and leave in the afternoon)
- Compressed workweeks (working a full schedule in fewer than five days)
- Telecommuting (working from a remote location)
- Summer hours (reducing work hours during summer months)
- Unlimited paid time off (PTO)
- Job sharing (two part-time employees share a full-time position)
- Office hoteling (employees share a workspace because they are only in the office for a portion of the week)

Employers may offer these options on an as-needed basis or as part of formal programs for all employees. Employers can also create a workplace that is entirely flexible with no defined work schedule (known as a results-only work environment). Most employers tend to land somewhere in the middle and have formal, yet flexible, arrangements.

We already discussed unlimited PTO, so we will focus on two other common types of flexibility; flexible scheduling and telecommuting.

FLEXIBLE SCHEDULING

Flexible scheduling is an option in which employers allow employees to customize their schedule within a certain range of hours. This is often one of the easiest ways to increase flexibility in your workplace, which is why it is a popular offering among U.S. employers already. In the 2017 Deloitte Millennial Survey, 69 percent of respondents said their employer offers flextime. Since employers aren’t legally required to offer employees a flexible work schedule, it’s usually at the employer’s discretion to decide if they will offer the option and how it will be structured. On the next page, you will find three ways organizations commonly structure this type of program.
1. **Core Hours**
With this structure, employees are required to be in the office for 40 hours per week and must be present during core working hours (for example, 10:00 am-2:00 pm). This allows some employees to start earlier or later in the day depending on their needs.

You may have one employee who chooses to start work at 9:00 am each day and end at 6:00 pm, while another might come in at 7:00 am and end at 4:00 pm.

Make sure to consider boundaries when setting available working hours. For example, you may not want employees in the office prior to 6:00 am or after 7:00 pm. Make it clear what hours are available, what hours are required, and then allow employees to create their own schedules.

You will also need to decide how often employees will be allowed to change their schedule. Can it vary day-to-day or week-to-week, or would you like employees to set their schedule and stick with it for a period of time?

2. **Daily Hour Maximums**
In this version of flexible scheduling, employees are required to be in the office for 40 hours per week and are allowed to alter their start and end times but are not allowed to work more than nine hours each day. This ensures that employees are in the office for at least a few hours each day, but provides flexibility to those that would like to work for nine hours a day for four days of the week and work a half-day for the fifth day.

Similar to the Core Hours structure, you may want to set specific hours during which employees can be in the office and work can be done.

3. **No Restrictions**
Just as the name implies, this form of flexible scheduling comes with no restrictions. As long as an employee is in the office for a total of 40 hours each week, they can split that however they please.
SAMPLE FLEXIBLE SCHEDULING POLICY

Standard working hours are from 8:00 am to 5:00 pm, Monday through Friday. A one-hour lunch period is taken at any hour, which is mutually agreeable between the employee and supervisor.

Flexible scheduling is an option available to improve departmental efficiency and morale. Flexible scheduling may not be appropriate for all departments or all positions. It is each supervisor’s responsibility to manage the program so that it will serve the business requirements of the department. The basic requirements of flextime are:

- Manager approval is necessary for any department to participate in flextime.
- The work commitments of the department must be able to be met effectively and efficiently without compromising service to internal or external customers.
- Each employee must recognize his or her responsibilities to the company and to colleagues.
- Each employee that uses a flexible schedule must work cooperatively to ensure that no problems arise with regard to internal or external service.
- Employees utilizing flexible scheduling should establish “standard” hours (i.e., 7:00 am to 4:00 pm every day) and should not vary hours significantly from day-to-day, week-to-week, or month-to-month unless approved by a supervisor and communicated to coworkers.

Employees will work a consistent schedule using the following guidelines:

- Shifts must be completed between 6:00 am and 6:00 pm Monday through Friday; start and end times are subject to approval.
- Employees must take either a one-hour or a half-hour unpaid lunch period each day. Lunch should normally be taken between 11:00 am and 2:00 pm and should be mutually agreed upon between the employee and his or her supervisor. Employees cannot work through their lunch period to make up time unless prior supervisor approval is obtained. Such occurrences should be infrequent.

At each supervisor’s discretion, summer hours may be offered to a department, regardless of whether or not flextime is offered. When using summer hours, employees will work four nine-hour days and one four-hour day, however, variations to this schedule may occur with management approval. It is each supervisor’s responsibility to manage the program in such a way that there is appropriate departmental coverage at all times.

As with flextime, summer hours may not be appropriate for all departments or all positions. Based on business needs, summer hours can be discontinued at any time.
In an age when more and more positions require duties to be carried out almost exclusively on computers, and where the internet can instantly connect anyone anywhere, many employers are offering the option of telecommuting. This is typically the image that comes to mind when people think about workplace flexibility. Telecommuting allows employees to work from home or another alternate out-of-office location and communicate with their employers electronically. Workers are connected to employers and company servers via phone and internet and are able to communicate regularly in real time using email, instant messaging, webcams, and conference calls. Telecommuting can range from working exclusively from a home office to only working at home a few hours every week.

In 2017, **3.9 million employees in the U.S. worked from home at least 50% of the time**. This is up from 1.8 million in 2005.

*Global Workplace Analytics*

Telecommuting can be a great option for employers and employees alike. First, employees experience improved work-life balance. Telecommuting makes it easier for employees to balance work and life, especially for those with many commitments.

Employees who telecommute are often healthier. Telecommuting relieves the stress caused by commuting and other issues related to the workplace or being away from home. Telecommuters eat healthier and exercise more often than their office-bound counterparts and are less likely to get sick from contagious germs. Healthier employees mean less lost productivity due to illness and even lower group health insurance costs.

While it’s easy to imagine employees shirking their duties at home more readily than in the office, numerous studies show that **workers who telecommute are 15 to 55 percent more productive. Two-thirds of employers report** increased productivity among their telecommuters.

Employers with telecommuting employees experience lower operating costs than those with employees in a physical office space. When employees work from home, a mortgage or lease, utilities, janitorial services, office supplies and equipment, coffee and water, furniture, and many other overhead expenses can be eliminated or reduced significantly.

Employers experience greater flexibility in recruiting new employees. Telecommuting gives employers the option to hire from across the country without worrying about relocating employees to a central location. Employers can also more readily hire part-time, semi-retired, and disabled workers.
SAMPLE TELECOMMUTING POLICY

This policy establishes the guidelines the company will use to select and manage those employees approved to telecommute. This policy applies to all employees authorized to work remotely as a primary job function. It does not include those who are temporarily allowed by their managers to work from home or other location on an irregular basis due to extenuating circumstances.

Telecommuting is defined as working from a home or other off-site location using electronic communications, such as the internet, to connect with the primary place of employment.

The company always strives to provide equal opportunities to all employees when it comes to working situations. However, telecommuting is not conducive to every employee and position. Keeping this in mind, the company will review all reasonable employee requests to telecommute using the following criteria:

- Is the employee a good candidate for telecommuting?
  - Dependable
  - Flexible
  - Proven performance
  - No record of disciplinary action
  - Comprehensive knowledge of position

- Can the duties of the position be successfully fulfilled through telecommuting?
  - Measurable work activities
  - Little need for face-to-face interaction with co-workers
  - Clearly established goals and objectives
  - Duties can be performed alone
  - Equipment needed is limited and can be easily stored at the off-site location

Note: Management reserves the right to deny or revoke telecommuting privileges at their own discretion.

Position requirements and responsibilities will not change due to telecommuting. Employees face the same expectations in relation to professionalism, work output, and customer service, regardless of where the work is being performed. The amount of time an employee is expected to work in a given week will not change, although the exact scheduling of allotted hours will be left up to the discretion of the employee’s direct supervisor(s). If an employee’s physical presence is required at the primary work location, he or she is expected to report once given adequate notice.
Employees approved for telecommuting are responsible for maintaining regular contact with their supervisor(s). The supervisor(s) will act as the employee’s primary contact. Both the employee and his or her supervisor(s) are expected to work together to keep each other informed of any developments that occur during the workday.

Employees must have approval from their supervisor(s) to:

- Alter their defined work schedules.
- Move company equipment to a new location.
- Transfer primary off-site operations to a new location.

The company has a legal responsibility to provide liability and workers’ compensation coverage to its employees. Such legal responsibilities extend only to authorized off-site work locations during scheduled work time. The company is responsible only for injuries, illnesses, and damages that result directly from official job duties. It also accepts no responsibility for employees’ personal property.

As the company could foreseeably be held responsible for an injury befalling an employee in their off-site work area, the company reserves the right to inspect off-site locations for safety concerns. Such inspections will always be planned in advance for a time convenient for both the inspector and the employee.

If employees have domestic responsibilities they must attend to during scheduled working hours, they are expected to do so in a reasonable manner that will still allow them to successfully fulfill their job duties.

While positions that regularly deal with highly sensitive information may not be ideal candidates, under certain circumstances such employees may be allowed to telecommute. In these situations, it is up to the employee to enforce a rigorous standard for ensuring the security of all sensitive information entrusted to them. Failure to do so will result in loss of telecommuting privileges.

Working primarily off-site may result in expenses not directly addressed by this policy. If such expenses are necessary for official duties as prescribed, the company will reimburse employees. However, since reimbursement is subject to management approval and is not guaranteed, potential expenditures should always be approved prior to the transaction being made.
Employees approved for telecommuting will be supplied with the equipment required to perform their duties. It must be kept in mind that:

- All equipment purchased by the company remains company property. All equipment is to be returned in a timely fashion should the employee cease telecommuting operations for any reason.
- Hardware is only to be modified or serviced by parties approved by the company.
- Software provided by the company is to be used only for its intended purpose and should not be duplicated without consent.
- Any equipment provided by the company for off-site use is intended for legitimate business use only.
- All hardware and software should be secured against unauthorized access.
Numerous studies have revealed the importance of employees taking time off work for vacation. Leaving the office for a week or two or taking an occasional day off gives employees a chance to not only take a well-deserved break to relax, but to come back to work with renewed energy and improved productivity. And workplace flexibility doesn’t only provide employees with job satisfaction, better health, increased work-life balance and less stress, it also benefits employers. Through higher productivity levels, decreased turnover, and reduced absenteeism, employers are able to retain qualified employees and save money as well. And it isn’t just Millennials or Gen Z asking for and benefitting from flexible work environments. According to a National Institute on Aging study, 60 percent of retirees would be willing to return to work if they were offered flexible scheduling. And, 20 percent of retirees would be willing to take a 20 percent pay cut to receive a flexible schedule.

If you have further questions, please feel free to reach out to our Human Resources team at 1-800-748-5102 or humanresources@helpside.com.

The PDF versions of the sample documents, forms and policies in this toolkit can be found at www.helpside.com/pto-flex-toolkit.