**Paid Time Off (PTO)**

Effective Date:

Revision Date:

Policy Statement

ABC Company believes that paid time off (“PTO”) is important to both employees and the Company.  It provides a time of relaxation to be away from work, enjoy personal activities, cover short-term illness, or take care of personal business.  PTO time may be used for any of those reasons.  PTO is in lieu of traditional vacation, sick days, and personal days.

Eligibility

Regular full-time employees are eligible for PTO based on length of service.

Formula – Regular Full-Time Employees With At Least 1 Full Year of Service Prior To January 1

PTO will be allotted on an annual calendar-year basis and will be allotted on each January 1, as follows:

|  |  |
| --- | --- |
| **Full Years of Completed Service\*** **Prior To January 1** | Amount of PTO Credited on January 1 |
|  |  |
| Less than 1 completed year of service, but more than one month | 120 Hours (15 Days) |
| At Least 1 Year, But Less Than 2 Years | 128 Hours (16 Days) |
| At Least 2 Years, But Less Than 3 Years | 136 Hours (17 Days) |
| At Least 3 Years, But Less Than 4 Years | 144 Hours (18 Days) |
| At Least 4 Years, But Less Than 5 Years    | 152 Hours (19 Days) |
| At Least 5 Years, But Less Than 6 Years    | 160 Hours (20 Days) – 4 weeks |
| At Least 6 Years, But Less Than 7 Years | 168 Hours (21 Days) |
| At Least 7 Years, But Less Than 8 Years | 176 Hours (22 Days) |
| At Least 8 Years, But Less Than 9 Years | 184 Hours (23 Days) |
| At Least 9 Years, But Less Than 10 Years | 192 Hours (24 Days) |
| At Least 10 Years or More | 200 Hours (25 Days) – 5 weeks cap |

\*Each complete year worked by an employee from January 1 of one year to December 31 of that year is considered a “Completed Year of Service” for PTO allotment purposes.

Formula – Full-Time Employees (New Hires) With Less Than 1 Full Year of Service Prior To January 1

Upon hire, the employee will be granted a pro-rated amount of PTO depending on date of hire as follows:

|  |  |
| --- | --- |
| Calendar Month of Hire(First Day of Work prior to the 15th of the month\*) | Amount of PTO Credited on date of hire |
| January | 120 Hours |
| February | 110 Hours |
| March | 100 Hours |
| April | 90 Hours |
| May | 80 Hours |
| June | 70 Hours |
| July | 60 Hours |
| August | 50 Hours |
| September | 40 Hours |
| October | 30 Hours |
| November | 20 Hours |
| December | 10 Hours |

\*A new employee hired on or before the 15th day of the month will be allotted benefit time as shown above for that month; a new employee hired the 16th day of the month or after will not be allotted benefit time for that month.

Use

The following rules will apply to the use of PTO:

1.            PTO may not be used until the employee has successfully completed  the three-month introductory period, unless earlier use is approved in advance.

2.            PTO must be used in 1-hour increments.

3.            Use of PTO must be approved in writing at least two business days in advance by the employee’s immediate supervisor.  When an employee has a bona fide emergency and cannot obtain the required advance approval, the employee may use up to 5 PTO days per calendar year for such emergency absences (if the employee’s immediate supervisor believes the absence is a bona fide emergency and approves the use of PTO for the absence).

4.            The Company retains the discretion and authority to determine whether any particular absence will be paid through the use of PTO.  As a general rule, an employee must use any PTO that s/he is entitled to use before time off without pay will be considered.  However, if an employee has not obtained prior approval for the use of PTO or has exceeded the 5-day limit for emergency use of PTO, the use of PTO may be denied or the employee may be required to use PTO to cover the absence, in the sole discretion of the Company.

5.            Employees need to understand that having a PTO balance does not mean they can be absent whenever they feel like it.  PTO is primarily for planned time off and for a reasonable amount of unplanned time off due to bona fide emergencies.  Employees must maintain an acceptable attendance record.  The Company has the right to require documentation for any absence and/or use of PTO.

6.            Employees who misuse our time off and PTO policies (for example, with an excessive number of “emergency” absences, a questionable “emergency” absence, calling in absent after use of PTO has been denied, too many absences on Mondays or Fridays or in conjunction with holidays, etc.) will be subject to disciplinary action.  This could include suspending or reducing the employee’s current or future PTO allowance, reprimand, discharge, or other appropriate action as determined in the Company’s sole discretion.

Carryover

If an employee has any unused PTO at the end of the calendar year, s/he will be permitted to carry over a maximum of 40 hours (5 days) into the next calendar year.  Any amount in excess of 40 hours may not be carried over and will be lost.

Separation of Employment

PTO has no cash value upon separation of employment.  It is intended for use during an employee’s employment.  Therefore, upon separation of employment for any reason, any allotted but unused PTO will not be paid to the departing employee.