Paid Time Off (PTO) Policy

Replace every [placeholder]. Check sections 5 and 8 against the paid sick leave and final pay laws in every state and city where you have employees before publishing.

1. PURPOSE

[Company Name] provides paid time off so employees can rest, deal with personal matters and look after their health and families without losing pay. PTO combines vacation, personal and sick time into a single bank that employees can use as they choose, subject to the rules below.

2. ELIGIBILITY

This policy applies to [all regular full-time and part-time employees / employees regularly scheduled for at least [20] hours a week]. Temporary, seasonal and agency workers are [not eligible / eligible as required by law]. Where a state or local law gives employees a greater right to paid leave, that law applies and this policy is read to comply with it.

3. HOW PTO IS EARNED

PTO accrues each pay period based on length of service:

- Less than [2] years of service: [120] hours a year ([4.62] hours per biweekly pay period for full-time employees).
- [2] to [5] years: [160] hours a year ([6.15] hours per pay period).
- More than [5] years: [200] hours a year ([7.69] hours per pay period).

Part-time employees accrue at [0.0577] hours for every hour worked in the first tier, with the same proportion applied in higher tiers. PTO does not accrue on unpaid leave or on overtime hours [unless required by law]. Accrual starts on the first day of employment. Employees may use accrued PTO after [60 / 90] days of employment, except where state or local sick leave law allows earlier use for sick time.

4. REQUESTING PTO

Request planned PTO through [system or leave request form] at least [2 weeks] in advance for absences of [3] or more days, and at least [48 hours] in advance for shorter absences. Managers will respond within [3] business days. Requests are approved based on business needs; when requests conflict, [the first submitted / seniority] decides. Blackout periods, if any, are [describe, e.g. the last two weeks of December for retail sites] and will be announced at least [60] days ahead.

PTO is taken in minimum increments of [1 hour / 2 hours / half a day].

5. USING PTO FOR ILLNESS OR EMERGENCIES

PTO may be used without advance approval for an employee's own illness or medical care, the care of a family member, or an emergency. Notify your supervisor as early as you can using the absence reporting process in the attendance policy. Unplanned PTO used for reasons protected by a paid sick leave law will not be counted against you under the attendance policy. [Company Name] will only ask for documentation where the applicable law permits it.

6. CARRYOVER AND MAXIMUM BALANCE

Employees may carry over up to [40] hours of unused PTO into the next calendar year. Once your balance reaches [1.5 times] your annual accrual, you stop accruing until your balance falls below that cap. No PTO is lost once earned [in states where forfeiture is prohibited, the cap above replaces any forfeiture].

7. HOLIDAYS AND OTHER LEAVE

Company-paid holidays are separate from PTO and are listed in the holiday schedule. If a holiday falls during scheduled PTO, it is paid as holiday pay and is not deducted from your PTO balance. Bereavement, jury duty, military leave, and leave under the Family and Medical Leave Act or state family leave programs are covered by separate policies. When you take FMLA leave, [Company Name] [may require / will allow] you to use accrued PTO at the same time, and you will be notified in writing.

8. PTO WHEN EMPLOYMENT ENDS

On separation, [Company Name] will pay out accrued, unused PTO [at the employee's final base rate of pay / only where required by state law]. Negative PTO balances [will / will not] be deducted from final pay, subject to state wage deduction rules. PTO may not be used to extend the last day of employment after notice of resignation is given [unless approved by HR].

9. ADVANCES, DONATIONS AND CASH-OUT

PTO advances: employees may borrow up to [16] hours against future accrual with manager and HR approval.

PTO donation: employees may donate accrued PTO to a coworker facing a serious medical emergency under the leave donation program, as described in [document name].

Cash-out: employees [may / may not] cash out up to [40] hours of PTO once a year, provided they keep a balance of at least [40] hours.

10. ADMINISTRATION AND ACKNOWLEDGMENT

Your PTO balance is shown on [pay stub / HR system]. Report any errors to [HR Contact] within [30] days. [Company Name] may change this policy with at least [30] days' written notice; accrued PTO will not be reduced by a change.

I have received and read the Paid Time Off Policy.

Employee name: _____
Employee signature: _____ Date: _____