

THE PROS AND CONS OF A PAID TIME OFF POLICY



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When it comes to the world of work, the holy grail is to find a job role that motivates and challenges you professionally but also provides you with a positive **work-life balance**.

A key part of this is having an attractive remuneration package that goes beyond salary and health insurance **benefits** to consider a **paid time off (PTO) policy**.

This article will tell you what a PTO policy is and help you decide if it is the right thing for you.

What Is a Paid Time Off Policy?

A **paid time off (PTO) policy** is where an employer will combine vacation, sick leave and personal days into one group.

As an employee, **you would be entitled to use your time off at your discretion for whatever you choose**.

You may want to take some time to look after a sick child or visit their school recital. You may want to be able to have a few days relaxing and enjoying hobbies, or you may need the extra time to help recover from a bout of poor health.

Whatever your reason, with a PTO policy, your employer cannot decide what you use that time for.

Having a paid time off policy shows that the **employer has trust in you**.

Employees are far more likely to be open and up-front with their team about when they need time off and this means that employers can schedule work streams better, reducing any unexpected absences.

The Temptation of Unlimited Paid Time Off

Whilst many firms will offer a paid time off policy of a total number of days (usually 30 days per year), other firms (such as Netflix and LinkedIn) are experimenting with the implementation of unlimited paid time off.

This does not mean that you get paid for not turning up to work.

It means that your employer has enough trust in you to say that they believe **you will get all your work done on time** and to a high standard because you know how to manage your time.

Rather than limit you to a certain amount of paid time off, you can use your discretion to take as much time as you need.

The result is a motivated, hard-working and engaged workforce who know that their employer trusts and respects them in return.

It also means that employers can benefit from lower staff sickness levels, as employees could be less likely to go into the office and risk spreading illness when they are feeling poorly.

It also means that employers are also not obliged to pay out for any unused PTO hours at the end of the year.

What Is the Law Around PTO Policies?

There is **no official legislation** regarding PTO policies, either at the state or federal level.

The policy is set at the discretion of the employer, though they must meet the minimum entitlement stipulations for time off.

This also applies to **federal holidays**.

Some firms may increase their PTO offerings following staff longevity, so the longer you remain working for a company, the more paid time off you may expect to receive.

How Does a Paid Time Off Policy Work?

Traditionally, most employers will offer vacation time. This is normally broken down into paid holidays, paid vacation, personal days and **sick days**.

Specific time will be allocated to each subcategory, letting employees know what their entitlement is.

If an employee becomes sick but does not have any sick days remaining, they may not be able to take paid time off to recover, even if they have, for example, holiday days left.

Typical annual vacation packages are often broken down as follows:

- Paid holidays – 10 days
- Paid vacation – 10 days
- Personal days – 2 days
- Sick days – 8 days
- Total – 30 days

In contrast, a **PTO policy** means that employees can take up to 30 days of paid time off per year **for any reason**.

Whilst it seemingly corresponds with the time allocated to vacation packages, time used in PTO policies are **used by the hour**.

This means that if you need to leave work an hour early for childcare purposes, or if you need to wait at home for an electrician or plumber to make an emergency fix, you can.

How Are PTO Policies Calculated?

As mentioned above, under PTO plans, **employees will typically accrue their paid time off in hourly increments**.

The calculation of your PTO hours will depend on the payment schedule set out by your HR department.

For example:

- If you are paid bi-weekly (26 pay days per year), you can expect to be credited with 1.3 days of PTO hours every other week.
- If you are paid semi-monthly, on the 1st and the 15th of the month (24 pay days per year), you will be credited with 1.25 days of PTO hours each payday.

How Do You Request Time off via a PTO Policy?

One benefit of using paid time off policies is that employees can give their managers **advance notice** of when they wish to use some of their accrued PTO hours.

This means managers can source cover (if needed) to ensure that work gets done.

Where possible, **most employers will require at least two working days' notice** of your

intention to take some paid time off.

Your HR team and your supervisor will likely request that you complete a PTO form to submit your request for the time off, which must be pre-approved. But employers are realistic and know that there are times where PTO hours are needed for emergencies or unexpected issues.

To make the most of your PTO, you need to be honest with your supervisor and try to schedule as much notice as possible.

If you do not follow your internal policies, you may find yourself facing disciplinary action from your HR department.

The Key Benefits of Implementing Paid Time Off Policies in the Workplace

Many businesses are starting to see the benefits of implementing PTO policies in the workplace in lieu of traditional vacation time packages.

Here are a few of the main benefits of PTO policies for both the employee and the employer:

Significant Work/Life Balance Improvements

The **millennial generation**, motivated and driven by the need to enjoy positive **work-life balances**, have become the largest part of the US workforce.

They want to work hard for their employer and fulfill their ambitions, but they also want to devote time to their interests and hobbies.

Having a PTO policy means that employees can work more flexibly. They can have a longer time to spend on interests outside of work, reducing the risks of ill health, stress or other occupational 'burnout'.

From an employer's perspective, this is crucial.

Not only does it improve the general working atmosphere, but productivity will increase as staff feel capable of working harder and to a higher standard.

It is also a hugely influential recruitment tool – if you can show you value and care about your employees, you will naturally attract a higher caliber of candidates, which directly impacts future business growth.



The Pros and Cons of a Paid Time Off Policy

Create Workplace Parity

Using a PTO plan means that there is clear equality running throughout the workplace.

Staff feel like they are treated fairly and as adults by their employers. Using a PTO policy offers a guarantee of trust; the employer will not try to second-guess why an individual may want to take time off.

It also means that **everyone is treated the same way and has the same options open to them.**

For example, a worker who may need paid time off to look after a child or an elderly relative is allocated the same amount of time as an employee who wants to use their paid time off to enjoy a long weekend away.

Logistically speaking, this is a win for employers.

They do not have to chase employees to find out why they want to take time off. This reduces a lot of the administrative burden placed onto HR teams, who would otherwise need to allocate any time off to the different subgroups of vacation leave.

Facilitate Honest Communication

Employees may have been untruthful in the past about why they want to use their vacation time. They may have lied about feeling ill to take time off because they did not trust they would otherwise be granted it, which could lead to unexpected workflow issues.

In contrast, because the PTO is more accessible, they can plan to use their time off in a way that suits them without needing to justify it. They can **schedule their time off in advance, ensuring that any cover is already in place.**

This **increased honesty** means that the working relationship between employee and employer is improved and, because workers feel valued and trusted, they are **more likely to remain in the same job role for longer.**

Significantly Improve the Recruitment Process

If your company is seen to offer a comprehensive PTO policy, it will likely find it easier to recruit good staff.

As previously mentioned, younger generations (particularly millennial and Gen Z audiences) want to work for brands that show that they care about staff wellbeing.

Therefore, **a PTO policy may incite more recruits to want to work for you** – giving you greater choice in your recruitment strategies.

In some instances, employers may also find that **workers will accept a lower financial salary in exchange for better perks**, such as unlimited PTO policies.

Greater Flexibility in How You Use Your Time

Employees are drawn to PTO policies because they are **in control over how they use their time**.

Under traditional vacation time packages, employees are allocated up to eight days of paid time off per year if they are sick. However, if you are generally healthy and are rarely affected by viruses or illnesses, you would lose out on this paid time off entitlement.

In contrast, under the terms of a good PTO policy, you would actually be able to make use of those eight days even if you never got sick – such as having the option to take a family trip.

For employers, this can mean **fewer disgruntled workers** who may be unhappy that someone else apparently gets more paid time off than them under the current breakdown of paid vacation leave.

Many employers find their workers are happier when given **some degree of flexi-time**.

Drawbacks of PTO Policies

It is important to remember that there are always negatives that come with policy changes.

Here are a few drawbacks of using a PTO policy in contrast to traditional vacation plans:

Employers May Contact You During Time off

With paid vacation time policies, the reason for your absence is extremely clear. Employers will know that if you are not at work due to sick leave, that they cannot contact you or request that you answer emails or quick phone calls.

However, under a PTO policy, they may feel that all your paid time off is leisure time, less sacrosanct than illness recovery time, and so may feel more inclined to contact you.

This break of the work/home boundary may make employees feel that they should be **working from home** somewhat, leading them to be continually checking emails and responding to calls despite officially taking a day off.

This can make them feel that they are not getting a real break away from the office.

Employees May View PTO Only as Holiday Time

One of the biggest benefits of PTO policies is that you have the time to use them as you see fit. But this can be a double-edged sword.

Under vacation time entitlement, the breakdown of what constitutes leisure time vs sick leave is clearly defined. However, under PTO policies **employees often forget to expect**

the unexpected.

With 30 days available, a staff member may be under the impression that they can take all of their entitlement in one go – perhaps taking a long trip away.

But if they have used all of their entitlement up and suddenly require time off due to ill health, it could result in them having to take **unpaid leave** – this is against what the PTO policy is specifically designed for.

Some employees may view PTO as time purely for recreational purposes. **They may resent having to use paid time off when they are feeling ill** and instead come into the office, making them feel worse and potentially infecting others.

If they had designated sick leave, they would not feel like future holiday was being taken from them by the illness.

Traditional Vacation Packages May Be More Generous

As mentioned above, there is no legislation in place to determine how much paid time off you are entitled to.

Policies are at the discretion of employers. Therefore, they may choose to offer you less entitlement than you were eligible for under the previous system due to the value-added benefit of flexibility.

Final Thoughts

All things considered, **there are many reasons to prefer the flexibility and security of a paid time off policy.**

Knowing exactly how many days you are allocated a year means that you can be in

control and work in ways that suit you – perhaps by taking a few days extra to participate in a hobby or knowing that you can use an hour or two to see your child in a school play.

PTO plans are also beneficial for making everyone feel equally valued.

But it is also important to **consider whether you are realistically capable of managing your time off.**

Employers are drawn to PTO policies because there is a far smaller administrative burden on their HR team. They rely on employees managing their own vacation time and setting aside some hours to use if for sickness.

As an employee, you need to remember that any paid time off is not just for leisure and recreation but also to cover you in case of illness or if you need to take time off for emergencies.

Additionally, **you need to feel confident that you are getting the same deal as previously offered** via paid vacation leave.

Many employers will offer policies that are significantly less generous because they know that no legislation directly determines what they should offer.

Therefore, the positives of being in control of your own leave may be outweighed by the fact that you are entitled to much less time.

With this in mind, choosing between a vacation time entitlement or a paid time off policy is much more complex. Everyone will have their own reasons for why they prefer one scheme over another, which is why it is important to consider the pros and cons of each.