



# PAID TIME OFF

## PURPOSE

To provide income protection for employees desiring to be away from work for short periods of time.

## POLICY STATEMENT

The organization makes available a program of paid time off which combines vacation, sick, personal, and holiday time in one bank of time off hours. The bank provides flexibility for employees to utilize time off with pay to their best advantage. At the same time, the organization can maintain the necessary staffing to continue quality customer/patient care.

Paid Time Off (PTO) is granted instead of vacation days, sick leave, holidays, and personal days.

Paid time off is not accrued compensation to which an employee is entitled once it accrues; rather, it is a benefit available only to employees who remain employed in good standing at the time it is used and who meet all other conditions and procedures set forth in these policies. PTO may not be taken in advance of accrual or eligibility. Failure to adhere to the eligibility guidelines for PTO usage jeopardizes the tax advantages of our program.

## PLAN DESCRIPTION

### ELIGIBILITY

Employees with weekly scheduled hours of 16 or more are eligible for PTO. Part-time employees scheduled under 16 hours, casual and temporary employees are not eligible for PTO.

### PTO DATE

The employee's PTO date determines at what level of service PTO hours are accrued. The PTO date is the date the employee is hired into an eligible status or changes from an ineligible to eligible status.

### ACCRUAL

Bi-weekly PTO hours accrued are determined by multiplying hours worked during the pay period by the accrual rate per hour based on the employee's years of eligible service. The new PTO hours are added to the employee's balance after the accrual period ends and are available for use in the following pay period. PTO accruals are subject to a maximum for each pay period. PTO hours taken during the pay period are considered hours worked in calculating the accrual. If no hours are worked and no PTO hours are taken, no PTO hours are accrued.

YEARS OF SERVICE	ACCRUAL RATE PER HOUR	PAY PERIOD MAXIMUM*	MAXIMUM ANNUAL ACCRUAL HOURS (PER YEAR)**	MAXIMUM PTO IN DAYS***
0 – 1	.0985	7.39	192	24
2 – 4	.1108	8.31	216	27
5-9	.1313	9.85	256	32
10-15	.1354	10.16	264	33
16-25	.1395	10.47	272	34
26+	.1436	10.77	280	35

\* Pay Period Maximum is based on 75 hours per pay period. Accrual includes holidays.

\*\* The Maximum Annual Accrual is the maximum PTO accrual received in a one year period and not a maximum account balance.

\*\*\* Maximum PTO in Days is based on 8 hours a day.

## MAXIMUM BALANCE

The PTO plan has a maximum balance of 600 hours. Once the employee accumulates 600 hours, he/she will not accrue any additional PTO hours until the balance drops below 600.

## PLAN GUIDELINES

1. Supervisory personnel have the responsibility to maintain an adequate staff to provide the services expected of their areas; therefore, they have the authority to grant or deny a PTO request. PTO in excess of 21 consecutive calendar days must be requested in writing 15 or more days in advance and must have the final approval of the appropriate vice president.
2. PTO, except for illness or injury, must be requested in writing five or more working days in advance and must be approved by the supervisor. In the event of illness or injury, the supervisor must be notified one hour (or in accordance with your department's plan) prior to the start of the employee's scheduled shift. In the case of a 24-hour department, employees must notify the off-going supervisor one hour prior to the start of the employee's scheduled shift.
3. Although an employee may be receiving PTO at a rate of up to 35 days per year, he/she should be discouraged from exhausting the PTO account. Employees should be encouraged to accumulate some PTO in the event of a prolonged illness or injury or unexpected absence.
4. PTO may not be taken in advance of eligibility. Future PTO hours may not be taken for time off prior to the actual availability of PTO. Newly accrued PTO hours are available for use in the pay period following the accrual.
5. Time off for jury duty or election board service is not affected by the PTO policy and shall not be considered as paid time off taken by the employee.
6. PTO may be taken in quarter-hour increments. PTO is paid at the employee's base rate of pay. PTO taken will be recorded in Kronos Workforce.
7. Worked hours (not counting call back hours) plus PTO taken should not exceed the employee's weekly scheduled hours for the position in which the PTO is used. PTO may be granted only for days the employee is scheduled to work. For employees with multiple positions, only hours worked in the position with scheduled hours should be considered when determining eligibility for using PTO.

For Methodist Physicians Clinic only, supervisors may allow an employee to take PTO hours up to the limit of his/her scheduled hours per pay period. When the combination of worked hours and PTO exceeds scheduled hours due to extra shifts for weekend or Urgent Care hours, the worked hours as noted above will not be deducted from the requested PTO time.

8. Absences of less than one day are handled as follows:
  - A. Hourly: (non-exempt) Absences of less than four hours may be taken as PTO or without pay at the employee's option. Accumulated PTO must be used for the entire shift for absences of four hours or more. However, worked hours (not counting call back hours) plus PTO taken, should not exceed the employee's weekly scheduled hours for the position in which the PTO is used. Employees requesting someone to cover their shift must use PTO.
  - B. Salaried: (exempt) Absences of less than four hours may be taken as PTO (if available), and absences of four or more hours must be charged to available PTO. All other cases will be considered compensatory time, or made up at a later date. No salary reductions will be made for any absence of less than one day, unless the absence meets the criteria for Family Medical Leave. Absences governed by the Family Medical Leave policy may result in salary reductions if the employee has exhausted available PTO or chooses not to use PTO for the entire absence. Supervisors must notify Human Resources when an employee is taking any portion of the leave as non-paid.
9. Time off at the request of management (temporary reduction in work volume), will be handled as follows:
  - A. Hourly: Employees may elect whether or not to use PTO.
  - B. Salaried: Absences for one full week or more may result in paychecks being docked or employees may use PTO. Absences of four hours or more must be charged to PTO. It is also an option for employees to make up the time over the next 90 days. Salaried staff pay may not be docked if absence is due to reduction in work unless absence is a full week or more. If a salaried employee has no available PTO, his/her pay may not be docked if the absence is less than one week.

10. PTO is not intended to be used to fulfill the termination notice requirement. In addition, remaining PTO may not be taken following the last day of active employment.
  - A. Any exception must be approved by the appropriate Vice President and the Human Resources Department. To ensure compliance with the benefits plans and tax laws, the maximum amount of PTO under this exception is 2 weeks (4 weeks for supervisors and staff required to give a 30 day notice).
11. Methodist Hospital, Methodist Physicians Clinic and Women's Hospital employees who are unable to work due to lapsed job requirements like certifications, licensures, and/or registration are not allowed to use Paid Time Off during their absence.

## **HOLIDAYS**

The six holidays that are recognized by the organization are:

New Year's Day  
Memorial Day  
Independence Day  
Labor Day  
Thanksgiving Day  
Christmas Day

PTO hours issued to employees include hours for the six holidays recognized by the organization. Holiday PTO for salaried employees scheduled 36 hours or more will automatically be deducted at the time of the holiday. Salaried employees scheduled less than 36 hours should submit PTO via Kronos for holidays.

If an employee is scheduled to work a holiday and fails to report to work, he/she should be charged one day of PTO and the employee will not be paid for the day.

## **FAMILY MEDICAL LEAVE**

1. An employee on Family Medical Leave can choose whether or not to use available PTO hours and how much, to provide income during the absence. Employees with escrowed sick hours may only use these hours during a Family Medical Leave.
2. Employees who are absent due to work-related injury or illness may use PTO for scheduled days during the first seven calendar days absent from work (3 calendar days for employees working in Iowa). No Workers' Compensation benefits are paid during this time. Employees may not use PTO during Workers' Compensation Family Medical Leave after the first seven calendar days (3 calendar days for employees working in Iowa).
3. An employee is not eligible to accrue PTO after the first 12 weeks of Military Obligation furlough.
4. For employees serving on military obligation, see the Furlough – Military Obligation policy.

## **TRANSFER TO CASUAL STATUS OR SCHEDULED HOURS DROP BELOW 16**

An employee whose scheduled hours drop below 16 (part-time or casual) will receive a termination sellback to include the current PTO balance and any remaining PTO Escrow Account balance.

## **SELLBACKS**

### **VOLUNTARY SELLBACKS**

1. Voluntary sellbacks of PTO must be submitted prior to the start of the calendar year in which the hours are accrued. Each year a deadline for the sellback elections for the following year will be established and communicated.
2. The number of PTO hours an employee can sell back each year is limited to the hours he/she will accrue in that year. If the employee has not accrued the number of hours he/she elected to sell back, the sellback will be adjusted to sell back as many hours as possible while still maintaining a minimum balance of 80 hours.
3. The employee must be in good standing (no active corrective action at a suspension level or higher) at the time of the scheduled sellback to be eligible to receive the payment.

4. An employee may request up to two voluntary sellbacks per year. Voluntary sellbacks will be paid on the last pay date of each quarter (March, June, September and December). An employee may select which of the quarterly sellback dates on which he/she wants to receive the sellback.
5. Voluntary sellback elections are irrevocable. Once the deadline for making the election for the following year passes, employees may not change the number of hours to be sold back nor withdraw the sellback election.
6. Effective January 1, 2013, no voluntary sellbacks from the PTO Escrow Account will be permitted unless an employee is on a Family Medical Leave.
7. Voluntary sellbacks of PTO hours will be paid at 100% of the base rate. All sellbacks are subject to applicable taxation.
8. For employees participating in the MHS or SSS Defined Contribution Retirement Plan, the employee may choose to defer a percentage of the sellback to the Plan to allow for the employer matching contribution on the sellback dollars.

To allow proper taxation, the employee contribution is limited to approximately 88% of the sellback value. All employee contributions to the MHS or SSS Defined Contribution Retirement Plan are subject to the annual maximums for the plan.

9. The PTO Sellback - Annual Election form is available on the Intranet under Forms.

### **EMERGENCY SELLBACK**

1. An emergency sellback provision is available to address unforeseen circumstances that cause a financial hardship for an employee that can be resolved in part or in total with a PTO sellback. The guidelines for an emergency sellback will follow the IRS unforeseen emergency provisions.
2. The employee will need to demonstrate that a financial hardship exists. If requested, the employee must provide proof of the hardship. Every effort will be made to preserve confidentiality.
3. Emergency sellbacks will be limited to only the amount necessary to meet the financial need. The full PTO balance may be utilized if needed to meet the need.
4. The PTO Sellback - Emergency Request form is available on the Intranet under Forms.

### **TERMINATION SELLBACK**

1. If an employee terminates or reduces scheduled hours to less than 16, he/she will be paid for unused PTO and PTO Escrow at 100% of its value, less taxes.
2. For employees participating in the MHS or SSS Defined Contribution Retirement Plan, the employee contributions will be taken from the sellback to allow for the employer matching contribution on the sellback dollars. The employee may elect to defer a different amount or choose to have no employee contribution to the Defined Contribution Retirement Plan.

To allow proper taxation, the employee contribution is limited to approximately 88% of the sellback value. All employee contributions to the Defined Contribution Retirement Plan are subject to the annual maximums for the plan.

3. An employee who terminates does not have to submit paperwork for a termination sellback unless he/she wishes to change the amount of the employee contribution to the Defined Contribution Retirement Plan or have no contribution. The employee should then submit a PTO sellback indicating his/her choice. The supervisor will submit a termination notification using Manager Self Service to Human Resources who will then process the termination sellback.
4. Termination sellbacks cannot be processed until after the terminated employee's last day of employment. Therefore, termination sellbacks will be issued on the next normal payday after the terminated employee's final paycheck.
5. The sellback form for PTO hours and the PTO Escrow Account is available on the Intranet under Forms.