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March 01, 2011

PTOs go mainstream; benchmark your plan

Paid time off (PTO) plans have shot up in popularity in recent years and now are nearly the majority type of employee leave program at U.S. organizations.

Last year, 47% of employers offered PTO plans that combine vacation, sick and personal days into one bank of leave days—up from 42% in 2009, according to the annual Society for Human Resource Management (SHRM) Employee Benefits survey.

The reasons for the shift: PTO plans can help cut administrative costs, serve as a recruiting tool and they make it easier to track employee leave time.

But the varieties and options in PTO plans continue to build. Use the following data from the recent Paid Time Off Programs and Practices survey by WorldatWork to benchmark your organization's PTO practices:

Average PTO time ranges from 15 to 29 days, based on the employees' length of service. For example, employees with five to eight years on the job are given 23 PTO days annually on average *(see chart below)*. A large majority of employers (85%) allow workers to accrue PTO days during the year, as opposed to giving all the days annually at once.

Biggest firms most resistant to change. The smallest employers (fewer than 100 employees) seem most willing to embrace the change, with 48% adopting PTO banks. Meanwhile, only 32% of the largest American companies (20,000 or more workers) have made the jump away from traditional vacation/sick/personal leave plans to PTO banks.

Recruiting is biggest perk. Seventy percent of employers with a PTO bank system and 60% of those with traditional systems cite the programs as key benefits used to help recruit employees.

Four in 10 allow instant eligibility. While 40% of employers allow employees to use PTO leave after their first day on the job, 28% require a specific number of days before workers are eligible. (The most common is 90 days.) In addition, 13% permit eligibility at the start of the first pay period following hire, 11% after the first month and 7% after six months.

Half allow year-to-year rollover. While 55% of organizations allow employees to roll over unused PTO time to the next year, 30% allow partial rollover. Eleven percent of employees require forfeiture of used time at the end of the year, and 2% permit full cash payouts. When employees leave, 88% of organizations pay out PTO time in cash.

One-third allow 15-minute increments. Nearly one-third of organizations (32%) say 15 minutes is the smallest amount of PTO time they allow employees to use. In addition, 7% set 30 minutes as the smallest increment, 25% say one hour is the minimum and 16% set the limit at four hours. Only 5% set the minimum increment of PTO time at eight hours.

PTO has helped cut absenteeism. More than half (55%) say their PTO plan improved the absenteeism situation at their organizations, while 43% believe it's had no effect. Only 3% say the PTO plan made absenteeism worse.

Final tips: The study suggested three tips to successfully implement a PTO plan: (1) communicate PTO policies early and often; (2) apply them consistently; and (3) carefully track PTO records because employees often gripe when they run out of time.

Average number of PTO days allocated annually to workers:

Length of service	PTO days
Less than one year	15
1-2 years	19
3-4 years	20
5-6 years	23
7-8 years	23
9-10 years	24
11-15 years	26
16-19 years	28
20+ years	29

Source: WorldatWork