



Is A Compassionate Paid Time Off Program the Right Thing For Your PEO?

Matthew Kirnan

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The popularity of paid time off programs and PTO banks continues to grow across the country as employers, large and small alike, search for tools to attract and retain good employees. The PTO bank, which allows employees a certain number of days to use as they wish for sick leave, personal time, or vacation, provides employers with a system that is easier to administer than the traditional policy that separates vacation and sick time. With a PTO program, employers only have to track the number of days off, and do not have to deal with employee excuses regarding absences. On the other side, PTO banks recognize the desire of employees in today's market for the freedom of choosing their personal time while maintaining their privacy.

Some PEOs, including ours, have introduced compassionate PTO programs, which allow the transfer of authorized PTO hours from one staff member to another staff member who is experiencing a serious financial hardship due to medical or personal reasons and is unable to work. The compassionate PTO program is a clear signal by an employer that it is willing to take extraordinary additional steps to help individual employees experiencing difficulty by asking fellow employees to chip in and donate PTO time to a colleague in distress. Similar to paid time off

plans, a compassionate PTO plan also establishes an annual paid time off policy approved by human resources. The plan typically establishes an employee PTO account, which consists of paid holidays, vacation days, personal days, and sick days. In its simplest form, approved and eligible PTO may then be transferred from one colleague to another to help the recipient colleague with a serious financial hardship. Compassionate PTO transfers are intended to provide salary continuation to staff members who are suffering extraordinary, unplanned, and involuntary events in their personal lives and are unable to work. A staff member's life-threatening illness or injury or a medical leave that results in incapacitation for more than 30 calendar days are examples of events that would qualify for compassionate PTO. Minor medical problems, vacation, illness of a non-immediate family member, or a paternity leave do not qualify for compassionate PTO.

The employer must address a number of precautions when implementing a com-

passionate PTO plan, including: do not make the transfer of PTO time mandatory or pressure workers to transfer PTO time — any transfer should be voluntary; limit public donations of PTO time to a department-by-department basis to ensure company-wide equality; and make transfers in whole-hour units regardless of the value of that hour unit. In addition, as with a PTO program, employers should use caution when addressing when Family Medical Leave Act coverage may commence or cease to ensure compliance with federal regulations.

Our experience with compassionate PTO plans for our clients has been extremely positive with clients who enjoy a flexible organization that regularly delegates to employees the power to make their own decisions. In addition, employers whose employee attendance patterns include use of sick and vacation time for child or elder care have experienced positive feedback from compassionate PTO programs.

As with all events, employers and human resource managers should use discretion when implementing a compassionate PTO program to ensure fairness to all employees in the organization. ■

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To the Point...

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- A staff member's life-threatening illness or injury or a medical leave that results in incapacitation for more than 30 calendar days are examples of events that would qualify for compassionate PTO. Minor medical problems, vacation, illness of a non-immediate family member, or a paternity leave do not qualify for compassionate PTO.
- Employers and human resource managers should use discretion when implementing a compassionate PTO program to ensure fairness to all employees in the organization.