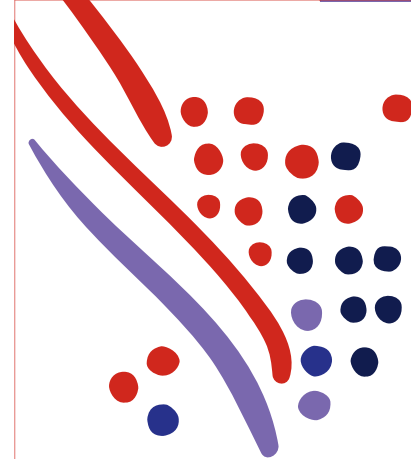


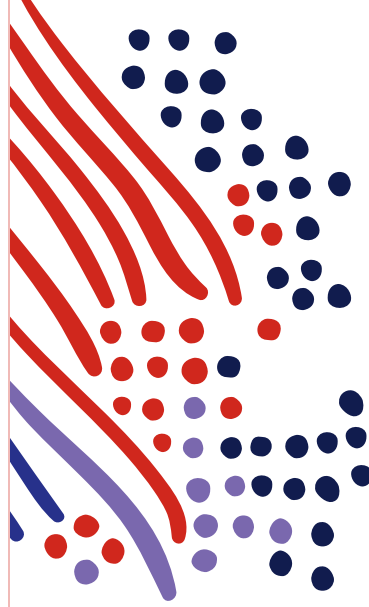
What Every CFO Needs to Know About the FFCRA, State Leave Laws and Paid Time Off

Sushma Tripathi
VP Strategic Advisory Services, ADP, LLC

May 1, 2020



General Instructions



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VP Workforce Strategy and Compliance, ADP, LLC



- Prior to current role, served as Vice President Total Absence Management, ADP; Sr. Vice President of Product Management, SHPS; Director, Product Development & Management, CIGNA
- 20+ years of experience in leadership, operations and product management in workforce management, payroll, compensation and benefits strategy, compliance, and administration in the fast-paced, high-growth, outsourcing and insurance markets
- Recognized authority and a noted speaker at industry conferences and events, spokesperson on critical HR topics to national media, a frequent contributor to ADP blogs and widely published in outlets including SHRM, Employee Benefits News, HR Daily Advisor, HRO Today, Forbes, CFO Magazine, and CPA Practice Advisor.
- MBA in Finance and Organizational Behavior from Drexel University, Philadelphia, PA

Disclaimer

This presentation is not:

- Legal or tax advice
- The final word on today's topics
- A political opinion

Before Taking Any Actions

Before taking any actions on the information contained in this presentation, employers should review this material with internal and/or external counsel.

Agenda

- Families First Coronavirus Response Act (FFCRA)
 - Emergency Family and Medical Leave Act Expansion
 - Emergency Paid Sick Leave Act
 - Tax Credits for Paid Sick and Paid Family and Medical Leave
- State leave laws
- Federal agency guidance
- Paid Time-Off
 - Traditional Time-Off vs. PTO
 - Leading Practices
 - Emerging Trends
 - Paid Sick Leave – part of PTO bank
 - PTO Buy-Sell programs
 - PTO Donation
 - Key Takeaways



Families First Coronavirus Response Act (FFCRA)

Enacted
March 18, 2020

Families First Coronavirus Response Act (FFCRA)

Employers with under 500 employees must provide paid sick and paid family leave to employees affected by COVID-19

- *Effective April 1, 2020 to December 31, 2020*
- Affected employers get a corresponding tax credit

Three primary sections for employers:

- Emergency Family and Medical Leave Act Expansion
- Emergency Paid Sick Leave Act
- Tax Credits for Paid Sick and Paid Family and Medical Leave



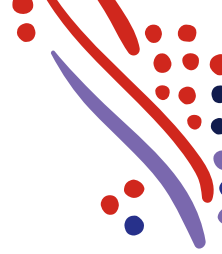
Which employers are affected?

Generally - private sector employers with under 500 employees and government entities

Exemptions available

- Health-care providers
- Emergency responders
- Businesses with fewer than 50 employees
 - *If such requirements would jeopardize the business*





Determining Fewer-than-500 Employee Threshold

- Must be determined on the **date the employee leave** is to begin
- Include **full-time and part-time employees** within the United States, including any State of the United States, the District of Columbia, or any Territory or possession of the U.S.
 - **Employees on leave; temporary employees who are jointly employed** by employers and another employer (regardless of whether the jointly-employed employees are maintained on only one or another employer's payroll);
 - Furloughed employees don't count towards the active count; and
 - **Independent contractors**, and **day laborers** supplied by a temporary agency (regardless of whether employers are the temporary agency or the client firm if there is a continuing employment relationship).
- **For companies with multiple divisions or subsidiaries**, the DOL stated that typically, a corporation (including its separate establishments or divisions) is considered a single employer and its employees must each be counted towards the fewer than 500-employee threshold
- **For separate but related companies**, the DOL has adopted the integrated employer test under the FMLA. Generally, this test requires an evaluation of factors to determine whether two entities should be considered an integrated employer for purposes of aggregating the total number of employees they have

USDOL FFCRA leave notice must be posted

Employers must post a notice of these requirements --

"...in conspicuous places where notices to employees are customarily posted."



The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

▶ PAID LEAVE ENTITLEMENTS

Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- ⅔ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at ⅔ for qualifying reason #5 below for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

▶ ELIGIBLE EMPLOYEES

In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). *Employees who have been employed for at least 30 days prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.*

▶ QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19

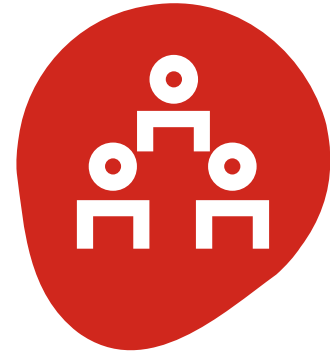
An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

- | | |
|--|--|
| 1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19; | 5. is caring for his or her child whose school or place of care is closed (or child care provider is |
|--|--|

<https://www.dol.gov/agencies/whd/pandemic>

Emergency Family and Medical Leave Expansion Act

- Up to 12 weeks of job protected leave
 - Must have been employed for 30 calendar days
- ONLY if unable to work or telework to care for a child if the school or child care provider is closed due to COVID-19
- 10 days can be unpaid, or employees may use other paid leave (including paid leave provided by this Act)
- 10 weeks of paid leave
- Paid at two-thirds the Regular Rate of Pay (FLSA)
 - Capped at \$200 per day, \$10,000 for 2020



REMINDER: The total leave under the FMLA, including leave under the FFRCA and for previously existing FMLA-qualifying situations, is limited to 12 weeks.

Calculation of Expanded FMLA pay



Part-time

“Average hours the employee works over a 2-week period.”



Variable work schedules

“Average hours the employee was scheduled per day over the 6-month period ending on the date on which the employee takes such leave, including hours for which the employee took leave of any type.”

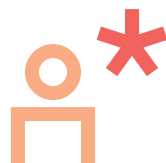
Less than six-months of work history =
“reasonable expectation of the employee at the time of hiring”

Emergency Paid Sick Leave Act



Employers with under 500 employees and government entities

- All employees, regardless of how long employed
- Unable to work (or telework) due to the following.....



Self

- Quarantine or advised to self-quarantine related to COVID-19
- Experiencing symptoms and seeking a diagnosis



Caring for Others

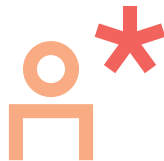
- Caring for an individual subject to quarantine
- Caring for a son or daughter as defined by the FMLA; if the school/child care is closed
- Other similar condition as specified by HHS/DOL/Treasury

Calculation of emergency paid sick leave



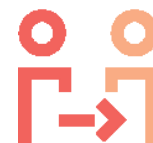
How long?

- 10 days



Self

- Regular Rate of Pay
- Up to \$511 per day (\$5,110)



Caring for Others

- Two-thirds the Regular Rate of Pay
- Up to \$200 per day (\$2,000)

Same rules for part-time and variable-hour workers.

Paid family leave and paid sick leave tax credits



Non-governmental employers with less than 500 employees

- Credit equal to 100(++) percent of the qualified sick/family leave wages paid.
 - Subject to those limits.
 - The credit is increased by specified health expenses (e.g., employer-paid health plan premiums).
 - Plus 1.45% (Employer Medicare tax).



Applies to federal employment taxes

- Usually due within a few days of each payroll.
- This provides the funds needed to pay sick and family leave benefits.
- Treasury Department and IRS will also make advance payments of the credit.

Effective dates, tax treatment, other...



Effective April 1, 2020; Sunsets December 31, 2020.

- Nothing in the law diminishes any rights that employees may have under federal, state, or local laws; collective bargaining agreements; or an employer's existing policy.
 - i.e., State or Local Paid Leave Mandates.



Paid Sick Leave and Paid Family and Medical Leave Payments are wages.

- But exempt from employer Social Security taxes.
- Subject to Medicare taxes, but the tax credit is increased by the tax.

Documentation Requirements

Regardless of whether you grant or deny a request for paid sick leave or expanded family and medical leave, you must document the following:

- The name of your employee requesting leave;
- The date(s) for which leave is requested;
- The reason for leave; and
- A statement from the employee that he or she is unable to work because of the reason.

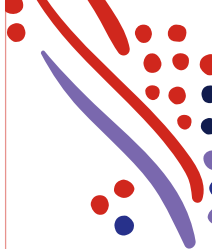
If your **employee requests leave because he or she is subject to a quarantine or isolation order or to care for an individual subject to such an order**, you should additionally document the name of the government entity that issued the order

If your **employee requests leave to self-quarantine based on the advice of a health care provider or to care for an individual who is self-quarantining based on such advice**, you should additionally document the name of the health care provider who gave advice

Documentation Requirements (continued)

If your employee requests leave to care for his or her child whose school or place of care is closed, or child care provider is unavailable, you may must also document:

- The name of the child being cared for;
- The name of the school, place of care, or child care provider that has closed or become unavailable; and
- A statement from the employee that no other suitable person is available to care for the child.
- For a child older than fourteen during daylight hours, a statement that special circumstances exist requiring the employee to provide care.

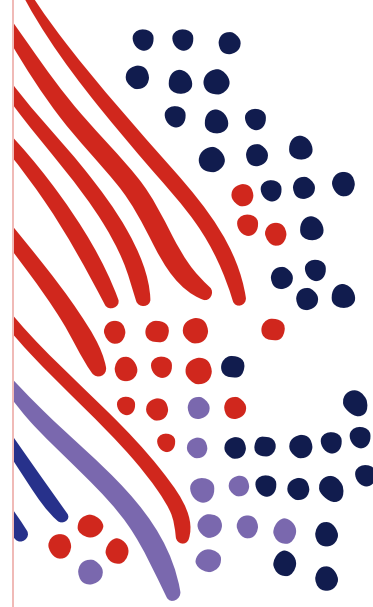


Documentation – additional requirements

1. Documentation to show **how the employer determined the amount of qualified sick and family leave wages** paid to employees that are eligible for the credit, including **records of work, telework and qualified sick leave and qualified family leave**.
2. Documentation to show **how the employer determined the amount of qualified health plan expenses that the employer allocated to wages**.
3. Copies of any **completed Forms 7200, Advance of Employer Credits Due To COVID-19**, that the employer submitted to the IRS.
4. Copies of the **completed Forms 941, Employer's Quarterly Federal Tax Return**, that the employer submitted to the IRS (or, for employers that use third party payers to meet their employment tax obligations, records of information provided to the third party payer regarding the employer's entitlement to the credit claimed on Form 941).

Employers should keep all records of employment taxes for at least 4 years after the date the tax becomes due or is paid, whichever comes later. These should be available for IRS review.

Federal and state benefit laws



Employee benefits sources

- Family and Medical Leave Act
- State Paid Sick Leaves
- Unemployment Insurance
- Workers' Compensation
- State Disability Insurance
- Existing company plans and policies



Traditional FMLA vs. Expanded FMLA

	Traditional FMLA	Expanded FMLA (FFCRA)
Covered Employers	50 or more employees, agencies, schools	Under 500 employees (with exceptions)
Eligibility	Employed for 12 months and worked 1,250 hours in prior year	Employed for at least 30 calendar days
Duration	Up to 12 weeks of job protected leave	Up to 12 weeks of job protected leave (runs concurrent with traditional FMLA)
Use	Uses include employee's own "serious health condition" or care for child, spouse, parent with "serious health condition"	ONLY if unable to work or telework to care for a son or daughter if the school or child care provider is closed related to COVID-19
Pay	Unpaid	First 10 days of the leave can be unpaid; remainder of the leave must be paid at two-thirds the employee's regular rate of pay (subject to limits)

Traditional FMLA still applies for many employers and leave situations.

COVID-19

State paid sick leave considerations / examples

- Covered uses for state paid sick leaves are **state / jurisdiction dependent**
- Consider:
 - Confirmed COVID case
 - Suspected COVID-19 case
 - Care for person with COVID-19 (covered relation)
 - Quarantine – Voluntary (preventive care)
 - Quarantine - Mandatory
 - School closure
 - Business closure (curfew)
- Consider **state-specific eligibility definitions**, duration of benefit, and amount of pay



COVID-19

State and Local Updates - Examples

Eye on Washington March issue includes the latest paid sick leave guidance related to coronavirus disease (COVID-19) -- <https://www.adp.com/resources/articles-and-insights/adp-research-institute/research-topics/legislative-updates>

- **California** Clarifies Paid Sick Leave Can Be Used During Coronavirus
- Temporary Emergency Rule Issued in **Colorado** Requiring Paid Sick Leave
- **Nevada** Releases Guidance on Paid Sick Leave and Coronavirus
- **New Jersey** DOL Releases Guidance on Coronavirus and Earned Sick Leave Law
- **New York State** Enacts Emergency Paid Sick Leave
- **Washington** State Releases Guidance on Paid Sick Leave and Coronavirus
- **Philadelphia**, Pennsylvania, Expands Use of Paid Sick Leave Due to Coronavirus
- **Pittsburgh**, Pennsylvania, Provides Guidelines on Paid Sick Leave
- **San Francisco**, California, Issues Guidance on Paid Sick Leave During Coronavirus Outbreak
- **Minneapolis**, Minnesota Provides Guidance on Paid Sick Leave and COVID-19
- COVID-19 Paid Sick Leave Guidance Issued by **Duluth**, Minnesota

COVID-19

State and Local Updates - Examples

Eye on Washington April issue includes the latest paid sick leave guidance related to coronavirus disease (COVID-19) -- <https://www.adp.com/resources/articles-and-insights/adp-research-institute/research-topics/legislative-updates>

State Leave:

- **Arizona** Issues Guidance on State Paid Sick Leave Law and COVID-19
- Executive Order Provides **California Food Sector Employees** with Paid Sick Leave
- **Colorado** COVID-19 HELP Rule Modified
- **Connecticut** Issues COVID-19 Guidance
- **District of Columbia** Expands DCFMLA Due to COVID-19
- Executive Order Expands **Michigan** Paid Medical Leave Act
- **New Jersey** Enacts Expansion of Leave and Disability Law Benefits Due to Epidemics
- **New York State** Enacts Emergency Paid Sick Leave
- **New York State** 2021 Budget Provides for Permanent Paid Sick Leave
- Voting Leave Law Amended Again in **New York**
- **Oregon Expands** OFLA Due to COVID-19
- **Puerto Rico** Enacts Law Creating Special Paid Leave for Non-Exempt Employees in the Private Sector

COVID-19

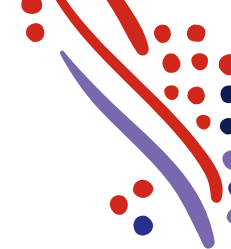
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City Leave:

- City of **Los Angeles** Supplemental COVID-19 Paid Sick Leave Ordinance Modified by Mayor
- **Dallas** Paid Sick Leave Law Enforcement Blocked
- Employers May Not Require Doctor's Note for **San Francisco** Paid Sick Leave Taken for COVID-19, guidance on wage statement requirement
- **Minneapolis** Updates FAQs on Paid Sick Leave and COVID-19
- **New York City** Provides Guidance on Paid Safe and Sick Leave Law and COVID-19
- **San Jose** Approves Emergency Paid Sick Leave Policy
- **Seattle** Amends Paid Sick and Safe time Ordinance Due to Coronavirus

New Jersey benefits



COVID-19 scenarios	Earned sick leave	Unemployment insurance	Temporary disability/family leave insurance	Workers' Compensation
A person who has COVID-19, or symptoms of COVID-19	Yes	No	Yes	Depends
Worker was unable to work because of school or daycare closed for a public health reason	Yes	No	No	No
Worker was exposed and quarantined. Business remains open.	Yes	No	Yes	Depends

For a complete list of scenarios, visit: <https://www.nj.gov/labor/worker-protections/earnedsick/covid.shtml>

Employee benefits considerations

Reductions in hours or furloughs



Generally, a reduction in hours or furlough is not a COBRA qualifying event, unless it results in a loss of group health coverage.

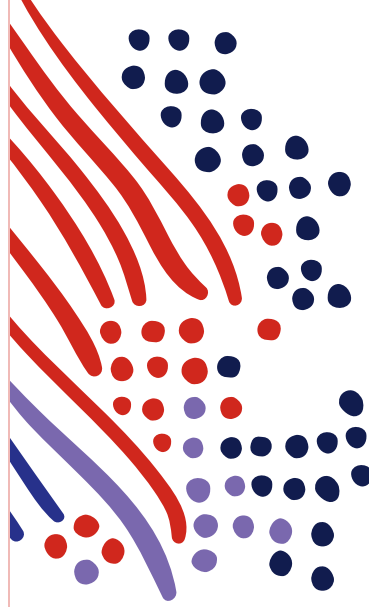


An employer's plan rules will govern whether either event will result in a loss of coverage.



Employers should ensure COBRA notices are used if there is a loss of coverage as a result of either event.

Federal agency guidance



Federal agency guidance

- National Institutes of Health <https://www.nih.gov/health-information/coronavirus>
- Centers for Disease Control
 - <https://www.cdc.gov/coronavirus/2019-ncov/specific-groups/guidance-business-response.html>
- IRS Coronavirus Tax Relief: www.irs.gov/coronavirus
 - www.irs.gov/pub/irs-drop/n-20-21.pdf Notice 2020-21 Effective Date for Employment Tax Credits Under the Families First Coronavirus Response Act
 - www.irs.gov/pub/irs-drop/n-20-22.pdf Notice 2020 -20 - Relief from Penalty for Failure to Deposit Employment Taxes
 - www.irs.gov/pub/irs-drop/n-20-17.pdf Notice 2020-17, Relief for Taxpayers Affected by Ongoing Coronavirus Disease 2019 Pandemic



Federal agency guidance (DOL)

U.S. Department of Labor COVID-19

- <https://www.dol.gov/sites/dolgov/files/WHD/Pandemic/FFCRA.pdf> - Temporary rule regarding FFCRA issued April 1, 2020
- <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions> FAQs published March 24-26, 2020
- <https://www.dol.gov/agencies/whd/pandemic> - Poster available here
 - [FLSA Q&A https://www.dol.gov/agencies/whd/flsa/pandemic](https://www.dol.gov/agencies/whd/flsa/pandemic)
 - [FMLA Q&A https://www.dol.gov/agencies/whd/fmla/pandemic](https://www.dol.gov/agencies/whd/fmla/pandemic)



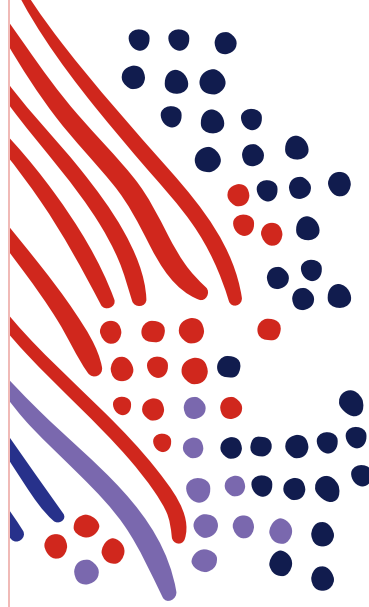
Federal agency guidance (OSHA)

Occupational Safety and Health Administration

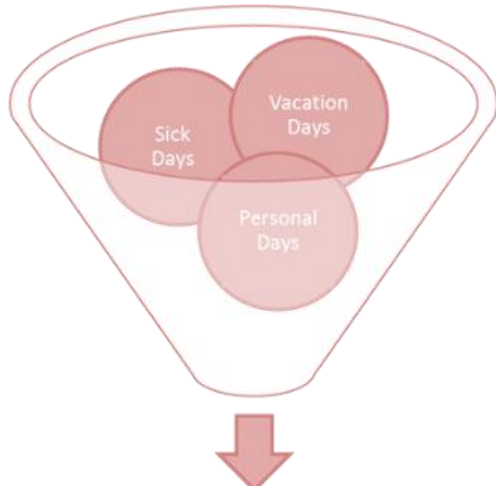
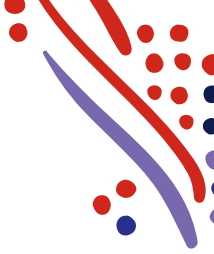
- Standards and directive applicable to apply to worker exposure to novel coronavirus, COVID-19.
 - <https://www.osha.gov/SLTC/covid-19/standards.html>
- Guidance on Workplace Preparedness
<https://www.osha.gov/Publications/OSHA3990.pdf>
- Preventing Worked Exposure to Coronavirus (COVID-19)
 - <https://www.osha.gov/Publications/OSHA3989.pdf>



Paid Sick Leave – Part of PTO Policies



How does PTO work?



Paid Time off
Scheduled vs. Unscheduled
Unused time redeemed

- Provides a bank of hours to balance the needs of work with outside interests and obligations
 - Does not distinguish absences from sick, vacation, floating holidays or personal days
 - Covers everything from planned vacations to unexpected sick days
 - Time off may be taken in hourly increments
 - Typically does not include holidays, jury duty, military duty, or bereavement leave
- Employer determines number of PTO hours allotted per year
 - Time allotted based on length of service, seniority, job level etc.
 - May be used as employee attraction and retention tool

Bundled Paid Sick Leave and PTO Policies

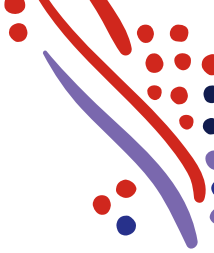
Pros	Cons
Employees have more flexibility	Payout may be required at termination
One policy for multiple jurisdictions	Potential for increased costs
Easier to administer	Must follow State law

My state requires me to provide paid sick leave to employees. Can I keep my current PTO policy?

- Under many of the paid sick leave laws, if you have a PTO policy, you generally don't have to provide additional paid sick days to employees if the policy:
 - Allows employees to use the same amount of leave for the same purposes and under the same conditions as required by the sick leave law; and
 - Satisfies the accrual, carry over, and use requirements of the sick leave law.

Check your applicable law to ensure compliance.

Legal Complexities



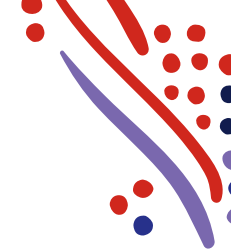
Laws and Agencies

Requirements are enforced by several agencies including the Department of Labor that affect businesses and workers regarding wages and hours worked, benefits, safety and health, as well as nondiscrimination policies.

- Fair Labor Standards Act (FLSA)
- Consumer Credit Protection Act
- Equal Employment Opportunity Commission (EEOC)
- Family and Medical Leave Act (FMLA)
- Uniformed Services Employment and Reemployment Rights Act (USERRA)
- Occupational Safety and Health Act (OSHA)
- Employee Retirement Income Security Act (ERISA)
- State Pregnancy Discrimination Laws
- IRC
- ADA, ADEAA
- ACA
- GINA
- Title VII
- State Leave Laws



Advantages and disadvantages



Advantages

- Flexibility and competitive practice
- Equitable time-off irrespective of health issues; improved morale
- Aligns with trend towards shorter vacations
- Attractive to younger workers
- Cost effective
 - Integrates with workforce planning
 - Simplified tracking – scheduled vs. unscheduled
- Reduces unscheduled absences
- Minimizes compliance risks medical / personal information
- Reduces administrative / compliance costs

Disadvantages

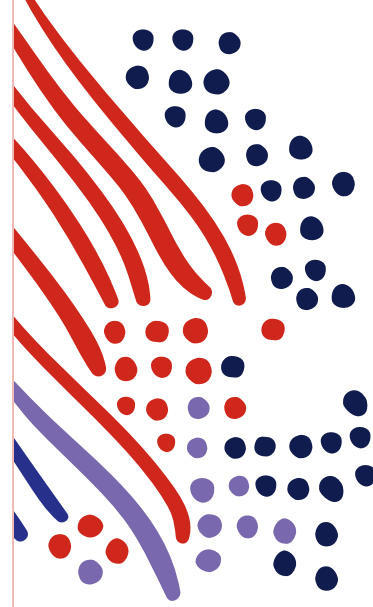
- Perceived take-away potentially fewer days but greater usage
- Slow accrual for new employees
- Tendency to consume all PTO
- Risk of presenteeism
- Paid sick time as part of PTO may need to be paid out as part of termination pay

Best practices

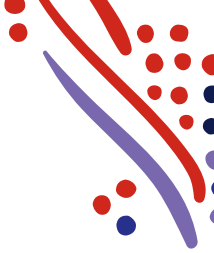
- Identify what type of leave to offer and who will be eligible
- Create a time-off policy that coordinates and is compliant with Federal, State and Local laws
 - Include paid and unpaid components
 - Attendance consequences
- Clearly define eligibility and reasons for time-off as well as hours accrued and use of hours
- Include eligibility for FMLA benefits
- Include leave time for leaves qualifying under the ADA and ADAAA
- Promote greater workplace protections for nursing mothers
- Include Domestic Violence policies
- Conform to Pay Statement requirements



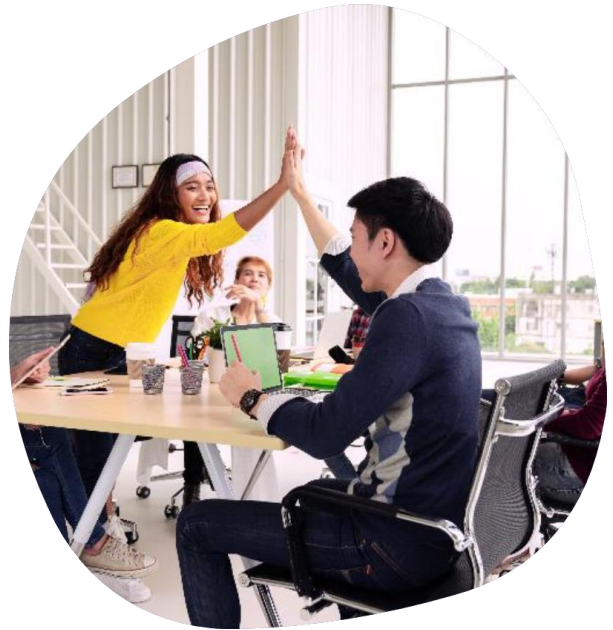
PTO donation models



Why offer employees the ability to donate PTO?



- PTO donation programs allow employees to voluntarily donate time off
 - Enables contribution without providing cash out of pocket
 - Provides ability to reduce liability of having too much accrued but unused PTO on the books
- Concept -- not new, been in place for more than two decades
- Gaining popularity in recent years
 - Due to rise of simplified PTO models
 - National and natural disasters
 - Great for morale; builds comradery



CAUTION: Studies show that many Americans are notoriously bad at taking all of their vacation time

Prevalent models

Leave bank model -

employees anonymously donate PTO to a centralized account; where qualified beneficiaries can draw as the need arises

- Higher administrative costs
- Easier to track cumulative liability for PTO benefits
- Provides more protection to employees who lack close relationships at work

Leave sharing model -

employees donate directly to particular co-workers in response to specific emergencies such as a serious illness or an injury

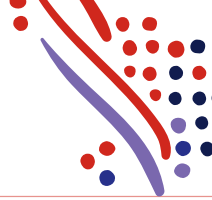
- Less expensive to administer
- Offers employees the satisfaction of helping a friend directly
- Requires proper management -- fair and equitable, as may increase exposure to discrimination claims

Leave donation to a charitable organization -

Employees may donate the value of their unused or unwanted PTO to a charitable organization

- Higher administrative costs
- Donation may or may not be considered as taxable income that is subject to Federal and FICA withholding
- Employer may “gross up” employee’s pay

Tax consequences of employee leave donation programs



Medical Emergencies

- Must meet requirements of a “qualified medical emergency leave” program and “bona fide employer-sponsored leave-sharing arrangement?”
- Amounts received are not taxable to the donor, considered “wages” of the recipient for purposes of FICA, FUTA, and income tax withholding
- Leave donor may not claim an expense, charitable contribution, or loss deduction for any leave donated
- Leave transferred must actually be used as medical leave by the recipient; program may not simply liquidate donated leave and pay cash to the recipient

Section 139: <https://www.govinfo.gov/content/pkg/USCODE-2010-title26/pdf/USCODE-2010-title26-subtitleA-chap1-subchapB-partIII-sec139.pdf>

Medical Care: https://www.benefitslawadvisor.com/wp-content/uploads/sites/172/2020/03/Rev_Rul_90_29_1990_1_CB_11_IRC_Sec_s_61.pdf
<https://www.irs.gov/pub/irs-wd/0720017.pdf>

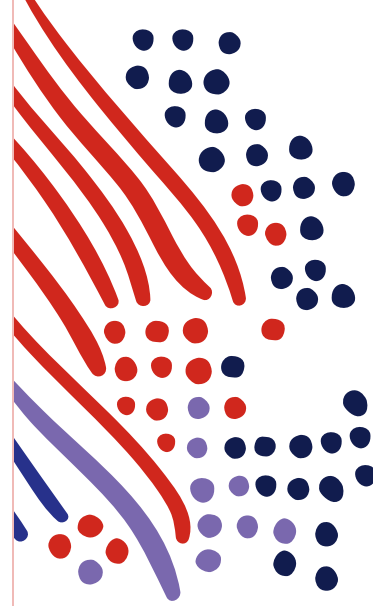
Disaster Plan

- Applicable to leave-sharing plans that are established for major disasters as declared by the president of the U.S.
- Amounts received are not taxable to the donor, considered “wages” of the recipient for purposes of FICA, FUTA, and income tax withholding
- Leave donor may not claim an expense, charitable contribution, or loss deduction for any leave donated
- Leave deposited for one major disaster may be used by only employees affected by that disaster
- Leave deposited in the bank that is not used by the end of the specified period must be returned to the donors

Major Disaster: <https://www.irs.gov/pub/irs-drop/n-06-59.pdf>

<https://www.irs.gov/uac/frequently-asked-questions-about-leave-donation-for-victims-of-hurricane-katrina>

PTO Buy-Sell programs



PTO Buy-Sell Overview

- Increasingly popular
- Offers flexibility for employees with low tenure and accommodates individual lifestyles
- Provides option to buy and sell vacation days in exchange for compensation
- Pre-tax basis – may be offered through an existing cafeteria plan (aka IRC Code Section 125 plan)
- State law may apply, pay attention to tax implications as well as state laws when designing a buy/sell PTO program



PTO Buy-Sell Criteria

- **Eligibility** for participation
- **Types of time off included** in buy-sell program
- **Buy, sell, or both** – may choose salary reduction or use flex credits; may sell PTO days in exchange for nontaxable benefits such as major medical care or dependent care benefits
- Define **number of PTO days** – e.g. purchase up to 5 PTO days in 8 hour increments
- **Forfeiture or cash-out** – may choose whether employees will automatically forfeit unused PTO at the end of the year (NOTE: State laws may be more restrictive), or whether they will automatically cashed out unused PTO as it cannot be carried over
- **Terminations, Leaves of Absence, and Changes in Status** – e.g. unused PTO refunded upon termination

PTO Buy-Sell Other Provisions

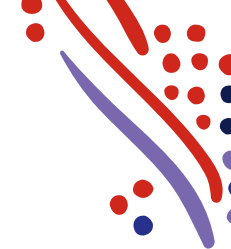
- Define **cash-out value of unused PTO** – e.g. at original purchase/sale rate, or based on current compensation when cash out occurs or discounted (75 cents on a dollar)
- Must exhaust all Company provided PTO prior to using purchased days
- No Carryovers – unused PTO must be either cashed-out or forfeited as of the last day of the plan year for all participating employees
- No Grace Period
- Cash out equals taxable income



Key Takeaways -

- Create written policies
- Consider federal, state and local laws
- Consider industry requirements
- Consider environment and culture
- Include the “essentials”
- Address leave entitlements and the interplay with related laws
- Coordinate with attendance policies
- Intergrade with timekeeping systems and payroll
- Train employees and managers
- Apply policies consistently
- Distribute to all employees
- Obtain acknowledgments
- Update at least annually

Thank you for attending!



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