



PTO Accrual Tracking



Paid Time Off (or “PTO”) is an important benefit to give your **Team Members**. Offering PTO can actually improve your business by increasing the overall productivity of each employee. It is generally accepted that an occasional rest from work can help with many individuals’ physical and mental health. A break from the regular work routine **may** give many people an opportunity to relax and rejuvenate, or perhaps handle personal matters. Employees using PTO effectively can have a healthier work-life balance, have less stress and be more energetic than those without PTO.

What is PTO?: PTO is a benefit that includes paid vacation time, paid sick days and paid personal time, all combined into one benefit. Usually this time is measured in terms of hourly accrual, for example a person might have 18 hours of PTO accrued, or saved up, and available for use. Many companies use the term “Hour Bank” to show how many hours have been earned and are available. A few States have mandatory PTO accrual requirements, or mandatory sick leave accrual; make sure your business’ approach meets State requirements.

Offering PTO requires the business to define who is eligible, how much PTO will be given, how it is calculated, and other parameters for administration. Fortunately, Pinnacle is here to help, and has the technology platform to allow many types of PTO accrual to be tracked electronically, and the option of listing PTO on employee paystubs.

PTO Accrual Formulas: PTO accrual usually fits one of these two approaches. Option 1: When an employee reaches a milestone, such as a work anniversary, the employee receives a bunch of PTO hours all at once. For example, after one year of service an employee could earn 30 hours of PTO. Option 2: Eligible employees receive a fraction of an hour for each hour worked. For example, you work 30 hours in a week and the accrual formula is .02, you’ve earned 0.6 hours of PTO in that week. If you work 1500 hours in a year, and the formula is .02, you’ve earned 30 hours of PTO over the course of a year.

The accrual formula could rise as the employee attains seniority milestones. For example, the accrual formula might increase from .02 to .03 after one year of service.

Other Considerations: Have your procedure in writing to avoid confusion and disputes later. The business should address these details in their PTO policy:

1. If an employee leaves employment, do they receive their earned but unused PTO?
2. Can an employee carry over unused PTO past the end of the year?
3. How much advanced notice is required for an employee to request PTO?
4. What is the minimum amount of PTO that must be used in one request?
5. Will part-time employees be eligible for any PTO?
6. Who will approve PTO requests?

Contact Pinnacle's HR Department at (210) 344-2088 for assistance with PTO. We are ready and able to assist you.