

Paid Time Off/Paid Parental Leave Programs & Practices

WorldatWork, with underwriting support from PTO Inc., conducted a survey to gauge the prevalence of paid time off programs and to better understand the practices of organizations with either PTO bank-type or traditional programs (e.g., vacation time, sick time, personal days), as well as the use of paid parental leave programs that provide paid time off to new-parent employees, separate from other paid time-off programs (PTO, vacation, sick, etc.).

Definitions

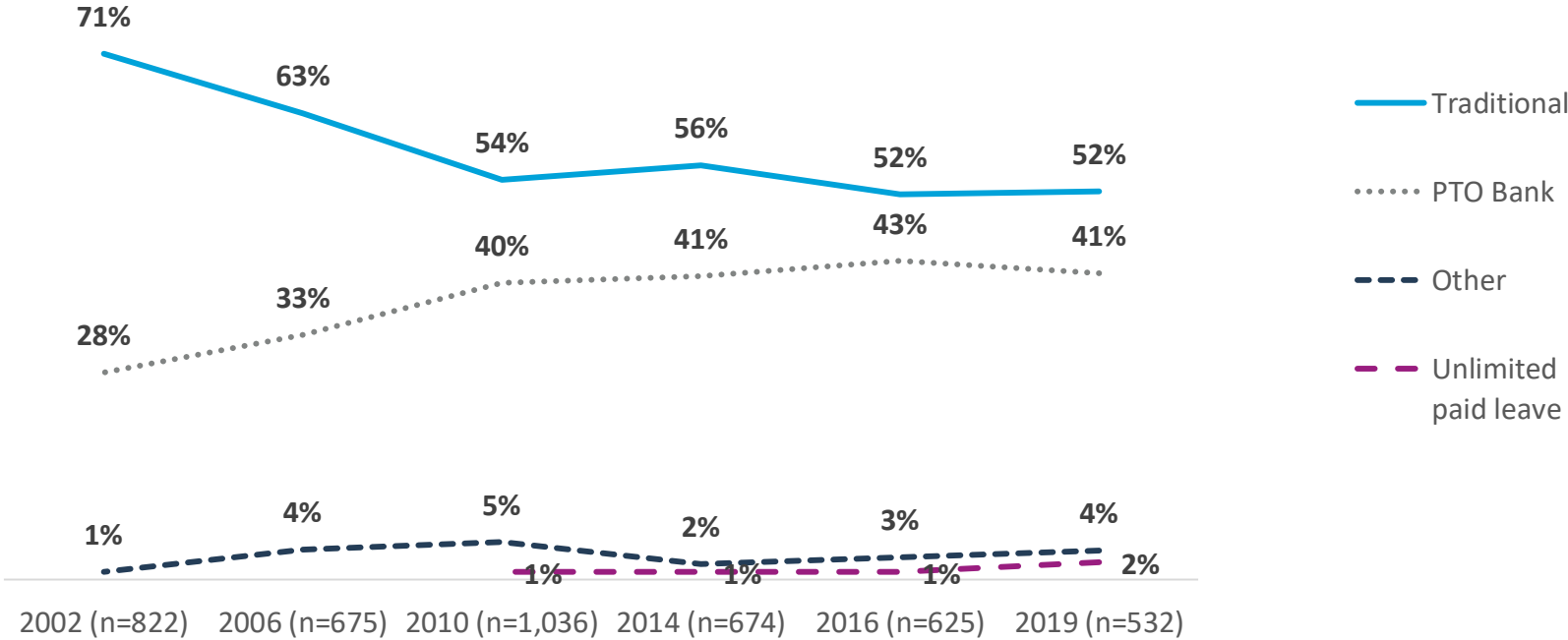
- ✓ **Paid time off:** used as a general term referring to leave granted under a traditional program where vacation, sick, personal, etc. are granted and taken separately.
- ✓ **PTO:** used to refer to time granted under a PTO bank program where vacation, sick, personal, etc. are undifferentiated.
- ✓ **Paid parental leave:** paid time off to new-parent employees, separate from other paid time off programs (PTO, vacation, sick, etc.).

Executive Summary

- The prevalence of traditional paid time off and PTO bank-type programs are holding steady.
- Organizations vary in their approach to paying for unused paid time off when an employee terminates but paying for unused PTO bank time and/or unused vacation time is the most common approach.
- One in five employees loses at least some time at organizations with “use it or lose it” policies, meaning that if the goal was to encourage employees to take as much time as possible to rest and recharge, some change to messaging, culture or approach to time off is needed.
- One in four employers are allowing employees to redirect unused paid time off to causes that are important to them.
- There is an opportunity to better leverage paid time off programs in order to attract new candidates — only two in three companies currently do this.
- Paid parental leave is on the rise among companies with a traditional paid time off program (42% compared to 23% in 2016).
- More than half of organizations offer paid parental leave programs separate from short-term disability.
- One in three organizations require at least one year of employment before an employee can take paid parental leave.
- Three in five organizations feature their paid parental-leave programs as a way to attract new employees.

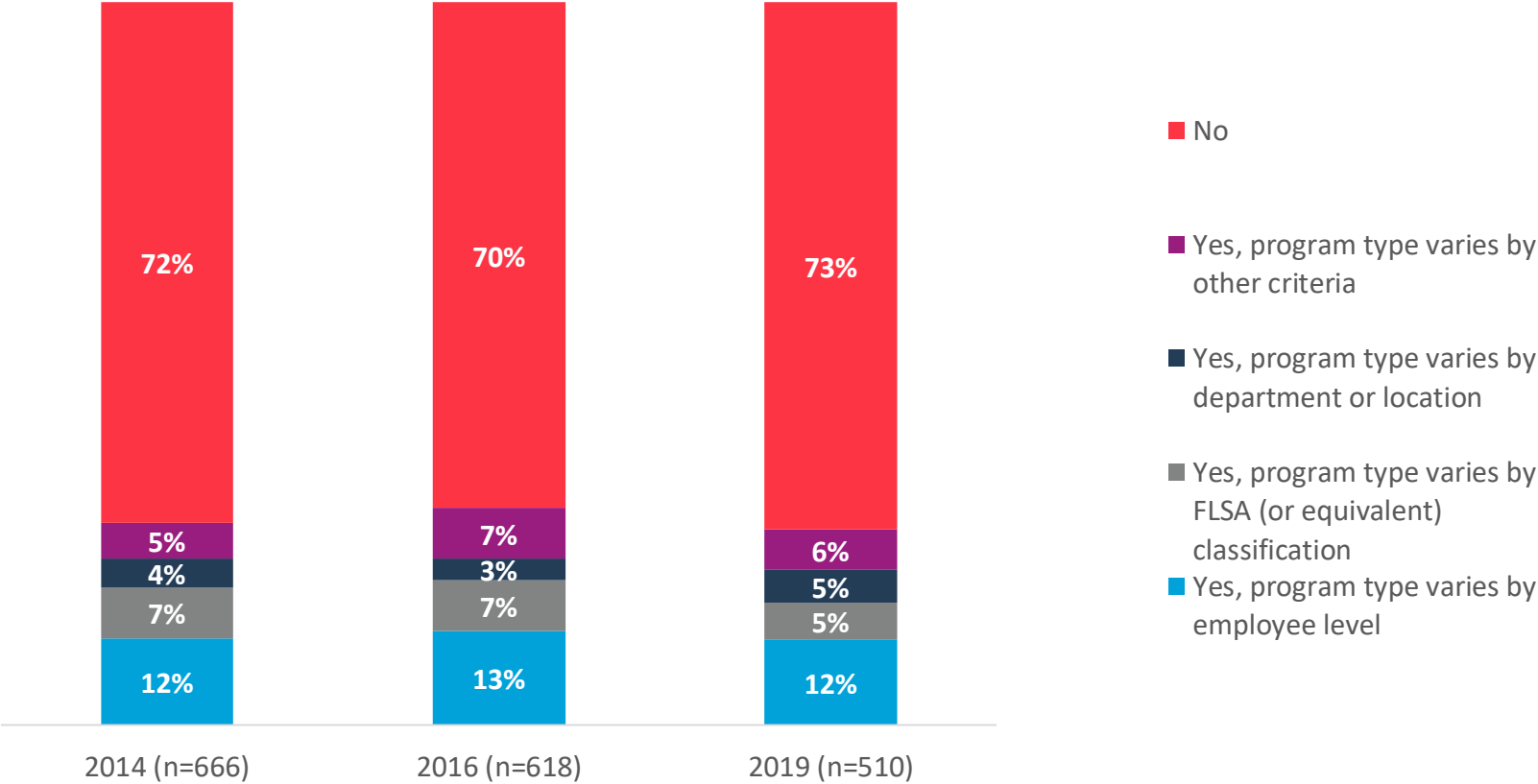
Use of traditional paid time off programs vs. PTO banks is holding steady, possibly due to a growing number of state and local laws that require employers provide and track a certain amount of sick leave.

Type of Paid Time Off Programs Offered



Once again, the majority of organizations do not vary their paid time off programs by workforce level.

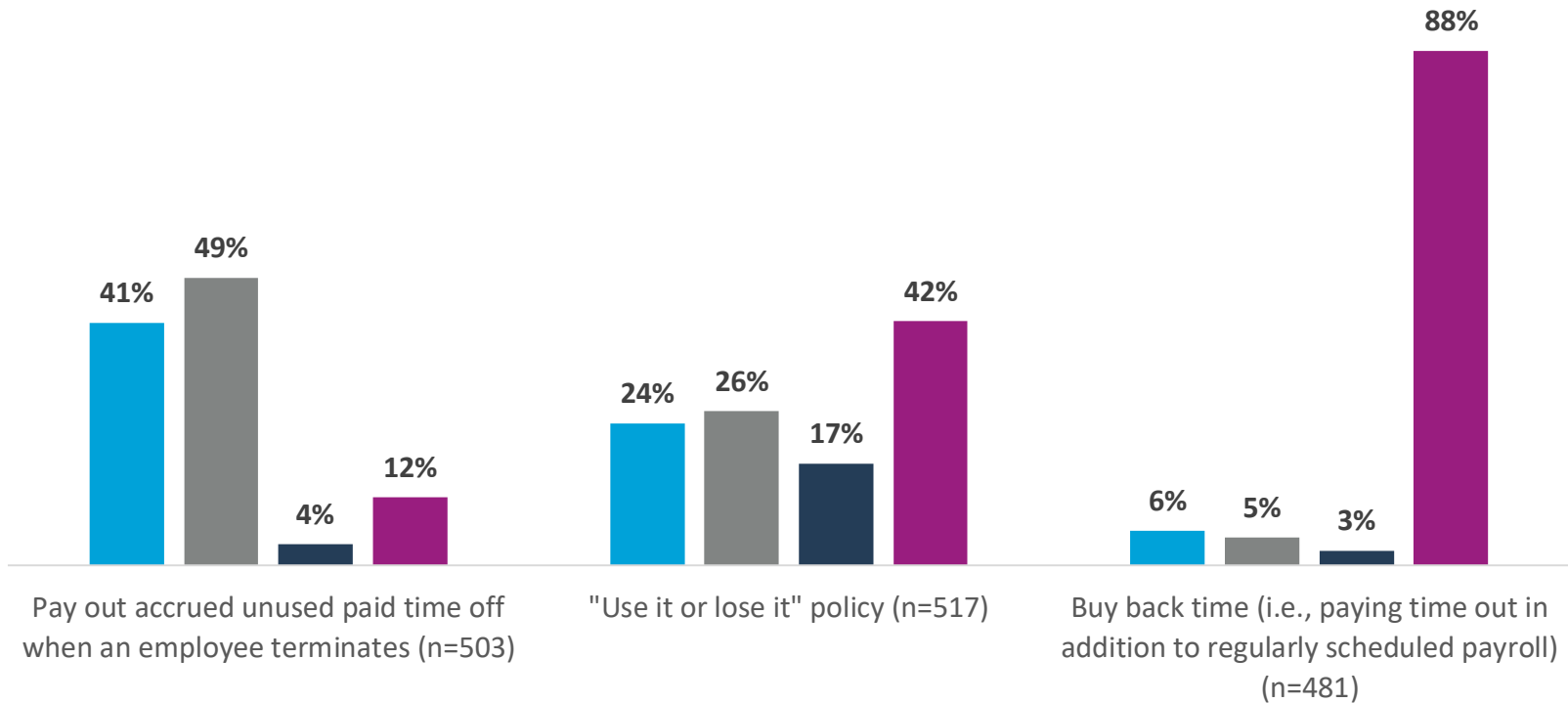
Varying Paid Time Off Programs by Workforce Level



Handling of unused paid time off varies, perhaps in part because of variance in state laws.

Organization Response to Unused Paid Time Off

■ Yes, for our PTO bank ■ Yes, for vacation ■ Yes, for sick time ■ No



Plan design may be impacting the percentage of employees who do or do not use all of their paid time off in a given year.



37%

of employees **do not use** all of their paid time off each year (regardless of Paid Time Off program).

(n=291)



19%

of employees **lose** some Paid Time Off at organizations who have “use it or lose it” policies.

(n=170)

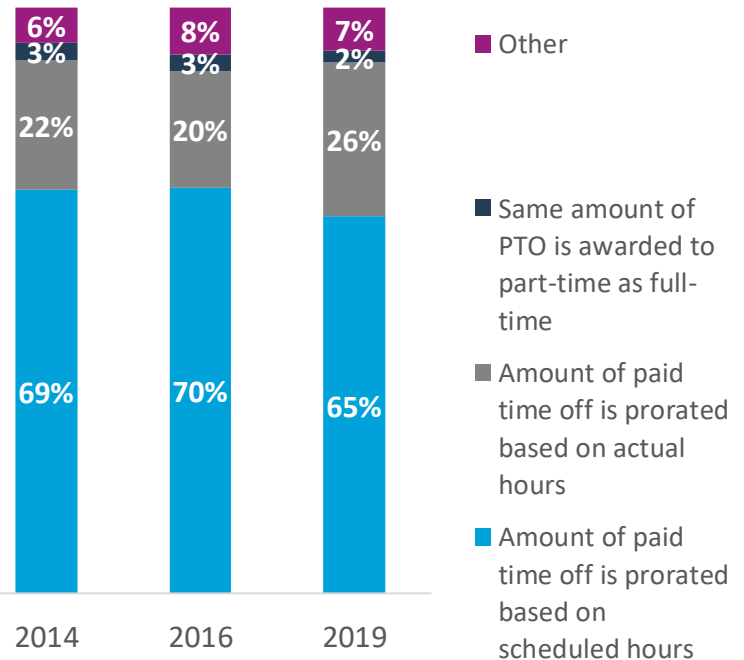
Part-time employees typically receive paid time off, and it is most often prorated based on the number of scheduled hours.

Prevalence of Paid Time Off Offered to Part-Time Employees



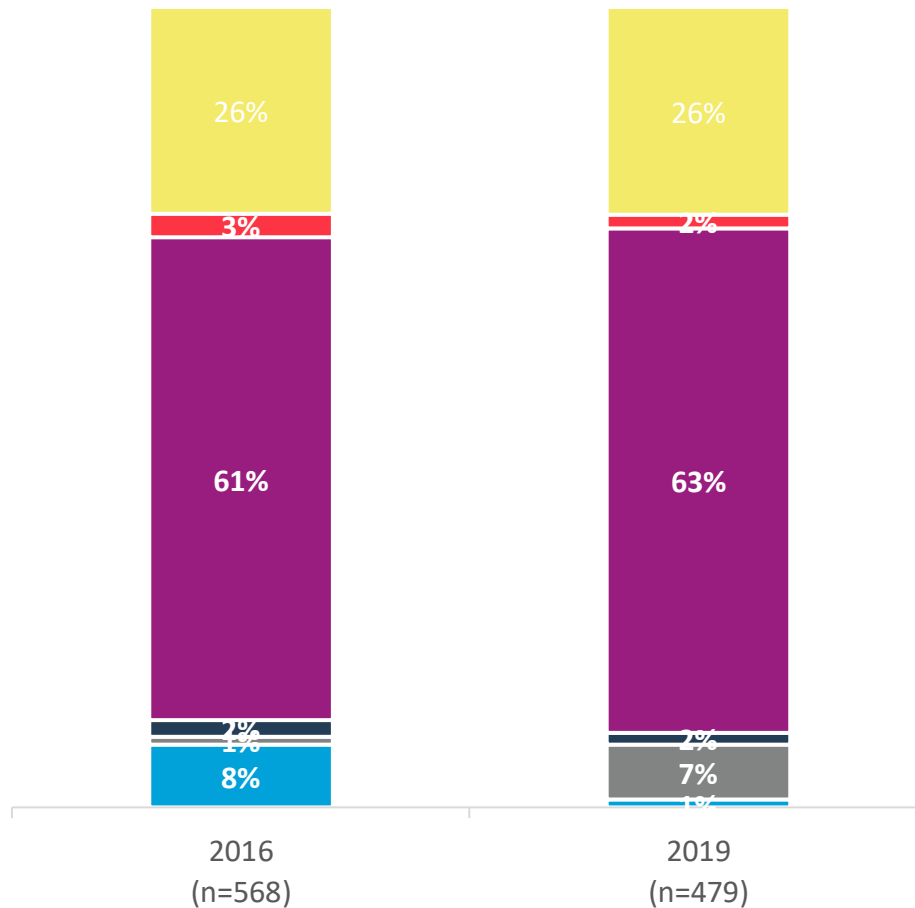
2014 (n=619) 2016 (n=568) 2019 (n=465)

System of Paid Time Off Allocation to Part-Time Employees



2014 (n=447) 2016 (n=394) 2019 (n=352)

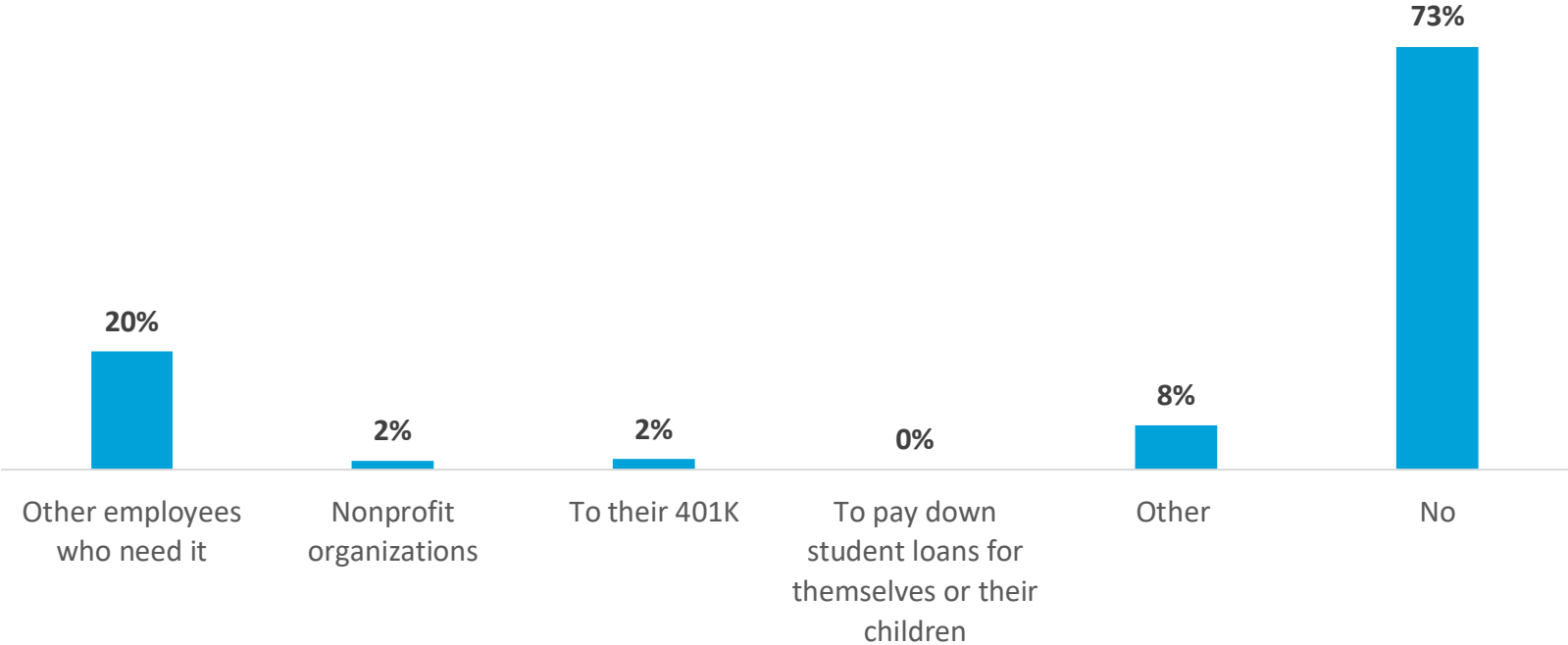
Most organizations encourage but do not require that a minimum amount of paid time off is taken each year.



- No, we do not actively encourage or require employees to take a minimum amount of paid time off each year and are not discussing it.
- We have begun to discuss actions to encourage or require our employees to take paid time off each year.
- We encourage our employees to take paid time off, but we do not require a minimum level of usage.
- We are required to have certain professionals in our industry take a minimum amount of paid time off each year.
- We are not required by law to have employees take a minimum number of days off, but we do require that employees take a minimum number of paid time off days each year.
- We are required by law to have employees take a minimum amount of paid time off each year.

One in every four employers are allowing employees to redirect unused paid time off to causes important to them.

Ability to Redirect PTO to Other Areas
(n=474)



Organizations market time off benefits in similar way, regardless of whether they offer a PTO bank or a traditional program.

Organization Markets Paid Time Off to Attract New Employees



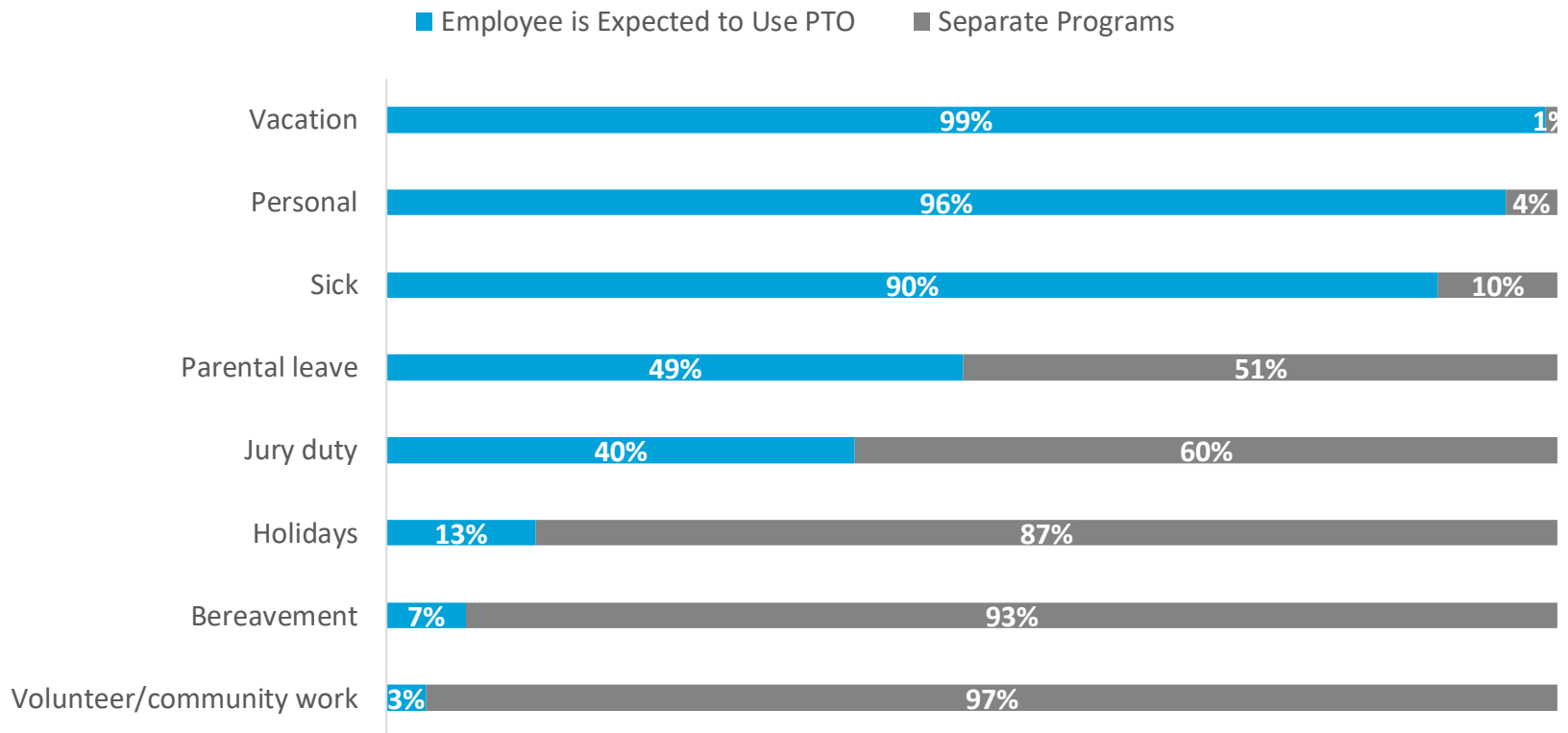
PTO Bank-Type Program

Definition

- ✓ **PTO bank-type program:** A paid time off program whereby paid vacation, personal leave, sick, etc. is combined into one category of available time off that the employee manages within certain employer guidelines.

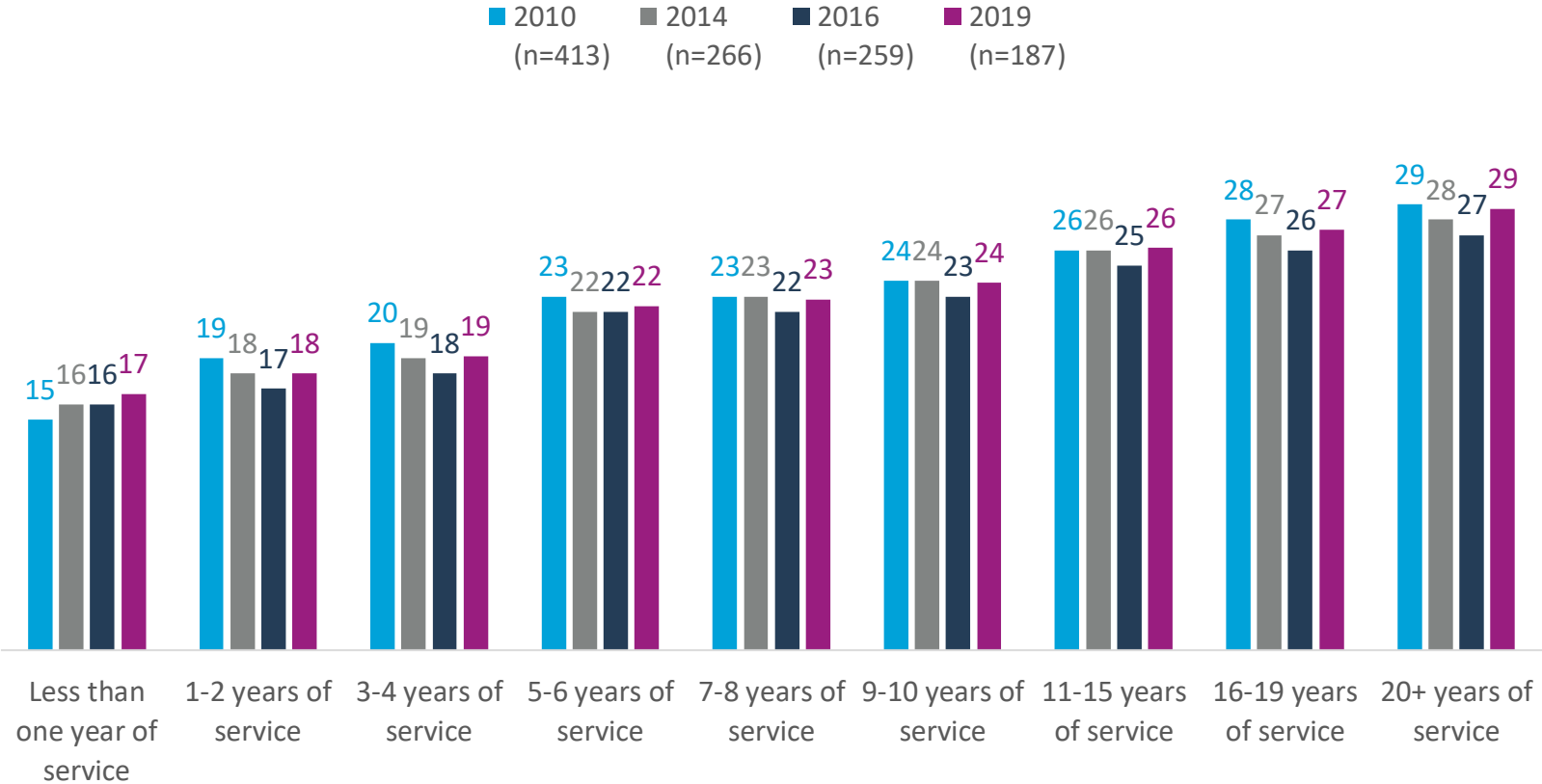
More than half of employers establish separate parental leave program outside of PTO banks.

Instances Where Employees are Expected to Use PTO Bank
(n=205)



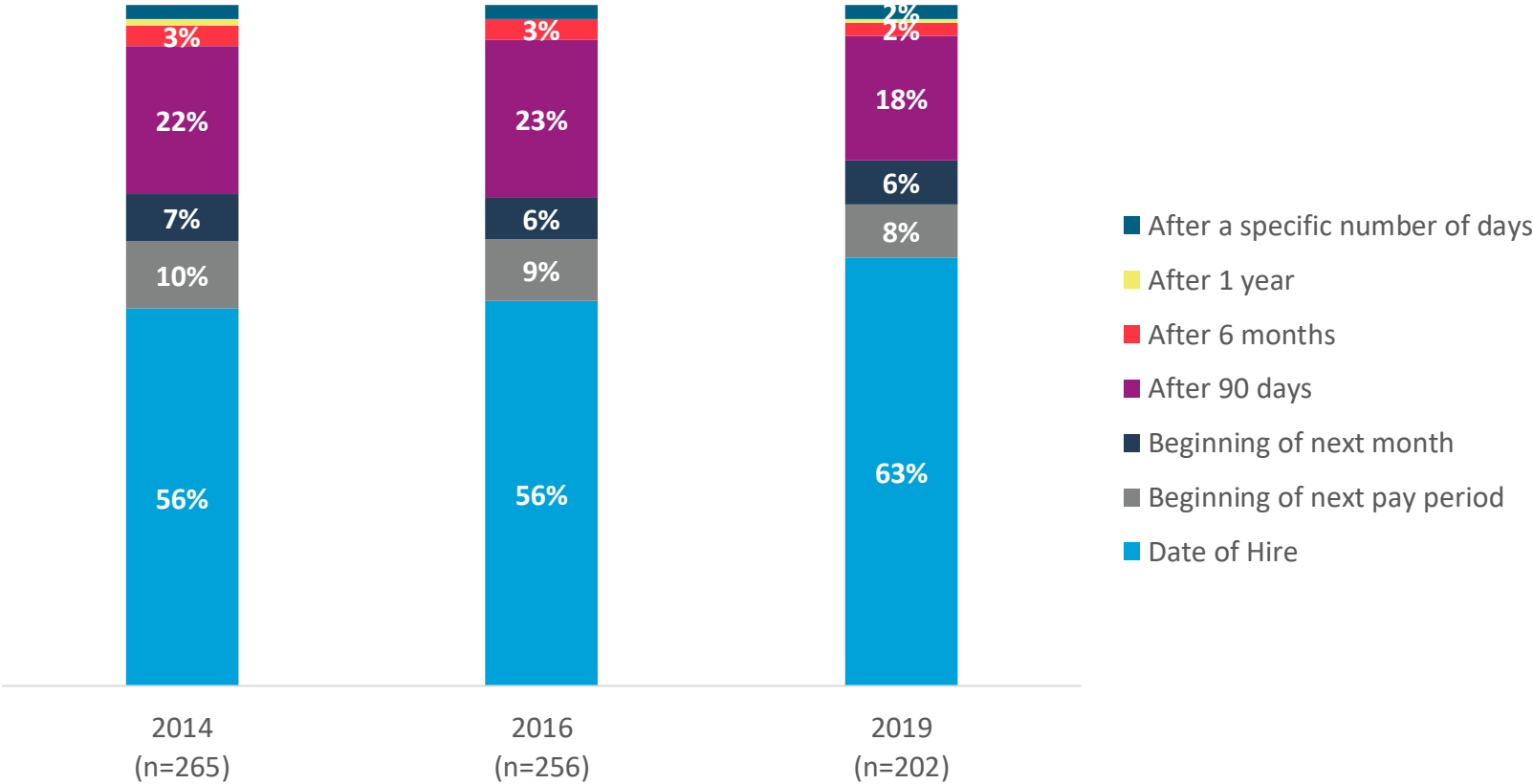
There appeared to be a slight downward trend in the number of PTO bank days employees are granted each year, but 2019 saw an uptick compared to 2016.

Annual Number of PTO Bank Days Based on Tenure



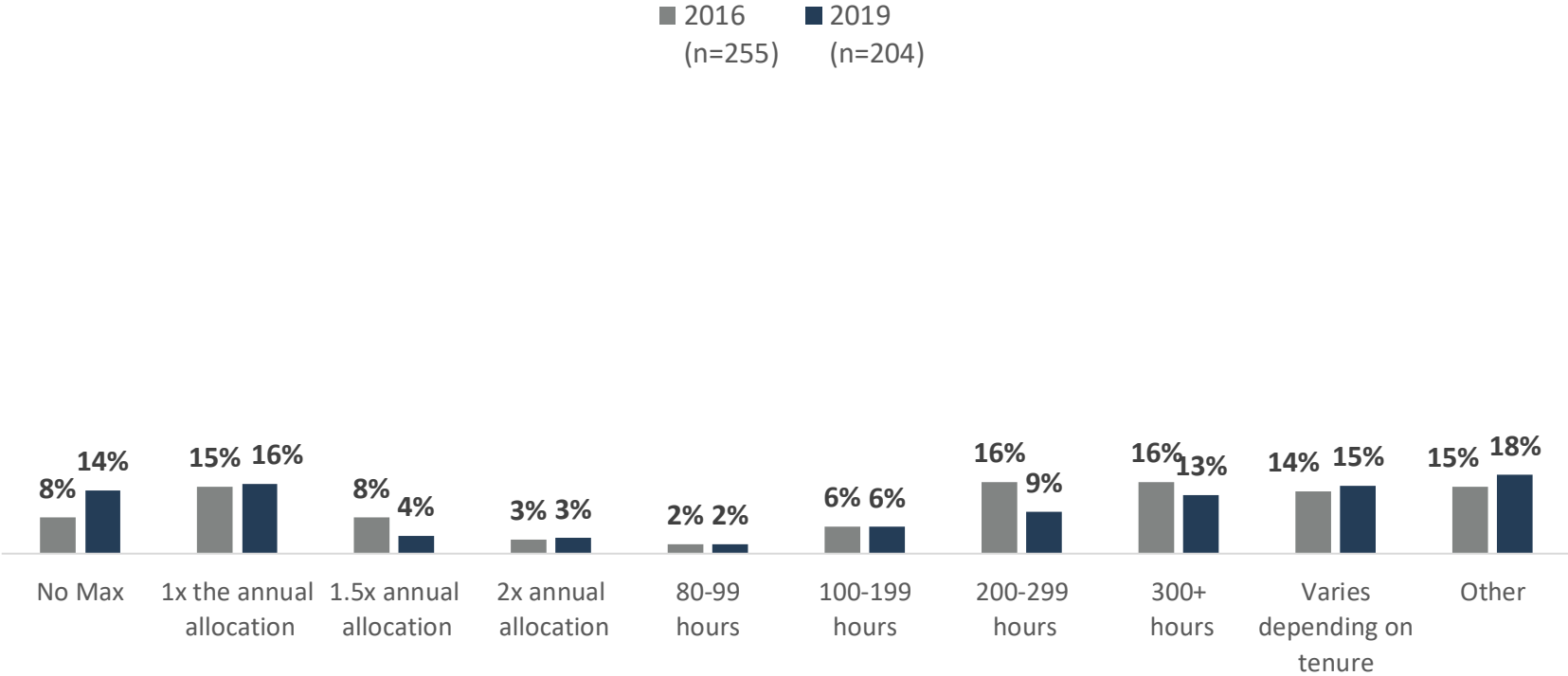
Immediate access to PTO banks is the norm, but 90-day waiting periods are also common.

Eligibility to Use PTO Bank



There is a lot of variance in the maximum number of PTO bank hours that an employee can accumulate, but there was an increase in organizations removing a cap this year.

Maximum Number of PTO Bank Hours That an Employee Can Accumulate

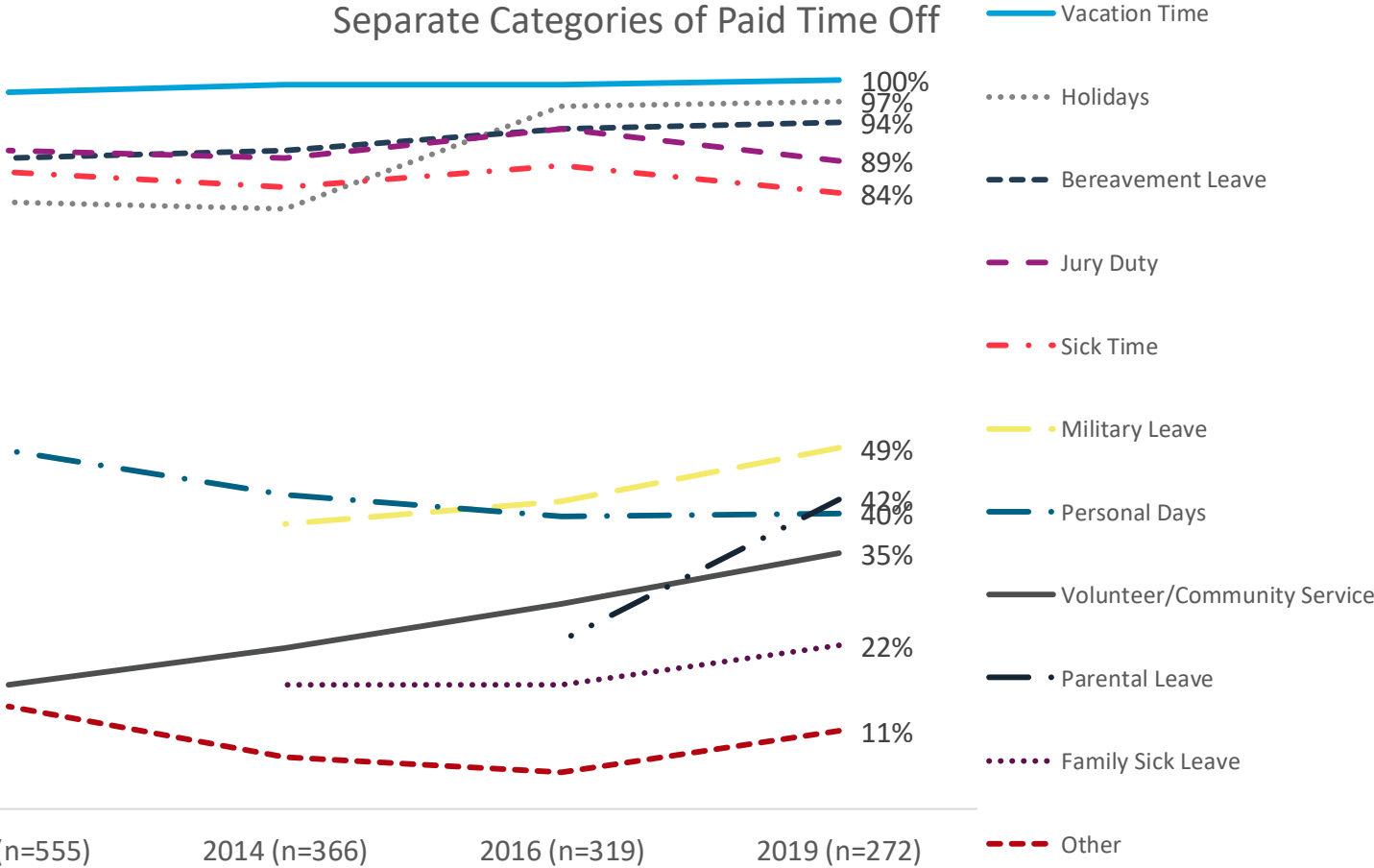


Traditional Program

Definition

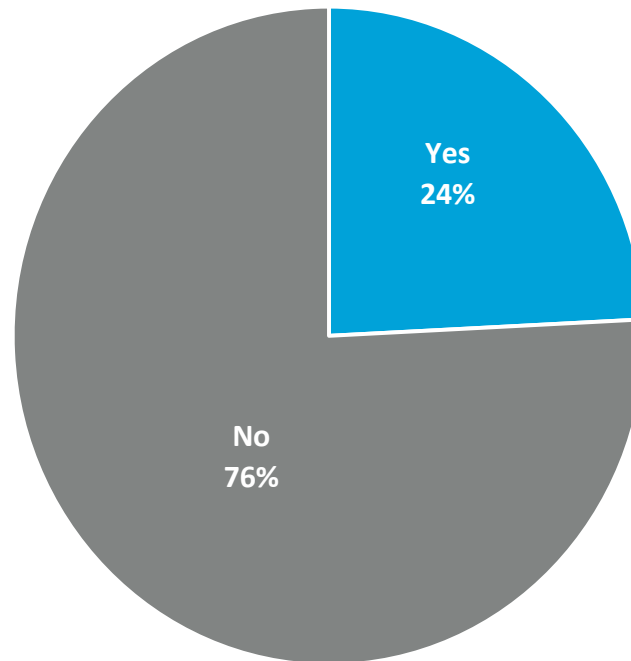
- ✓ **Traditional paid time off program:** A paid time off program whereby each eligible employee is allocated a certain number of paid days in separate categories, such as vacation, personal, sick, etc.

There has been a near doubling of parental leave being offered as a separate category of paid time off, compared to 2016. There were also big increases in military service time and paid time to volunteer.



Most organizations that have a traditional paid time off program are not considering creating a PTO bank.

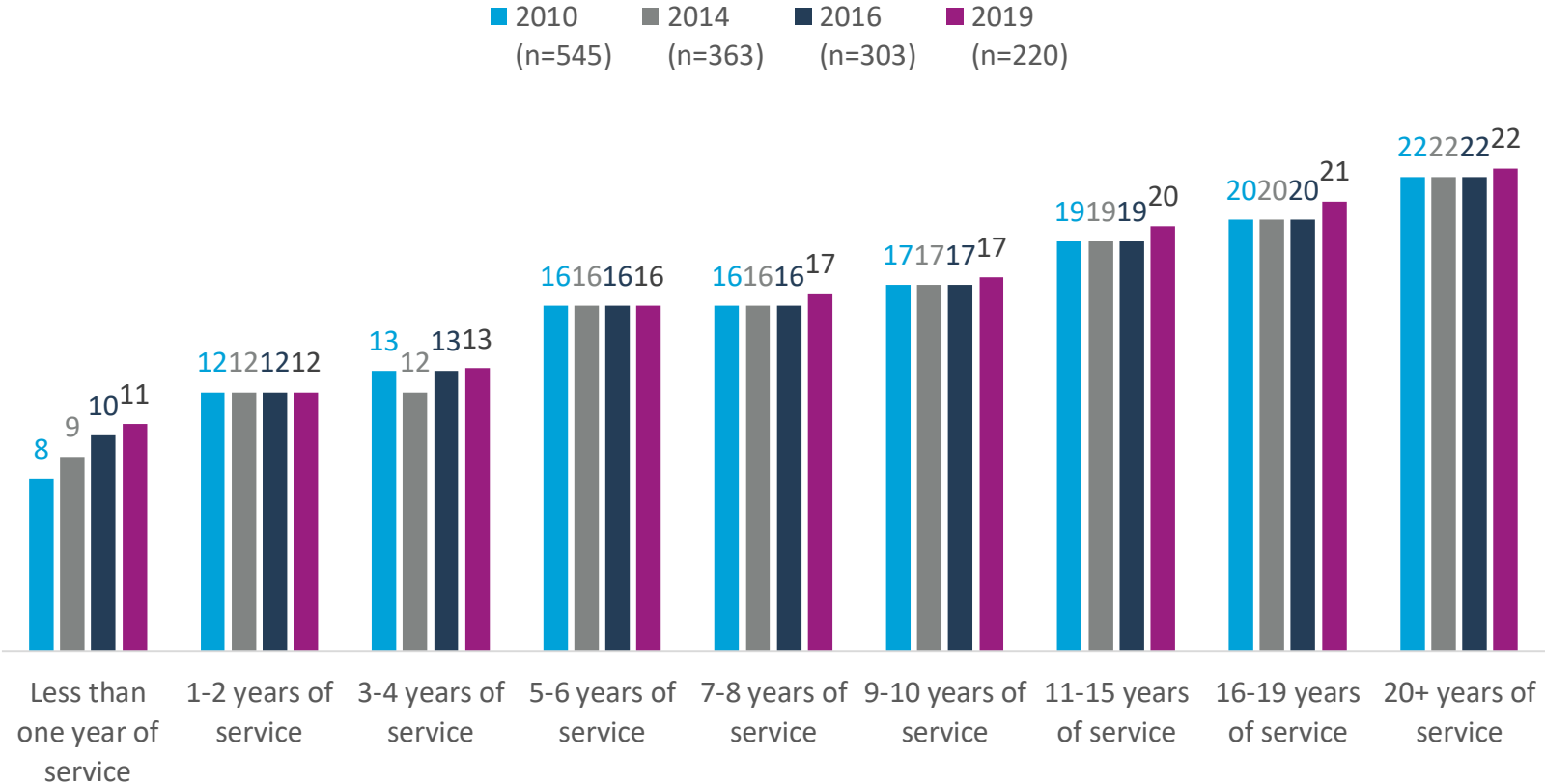
Organization Considering Rolling Leave Up to PTO Bank System
(n=269)



Vacation

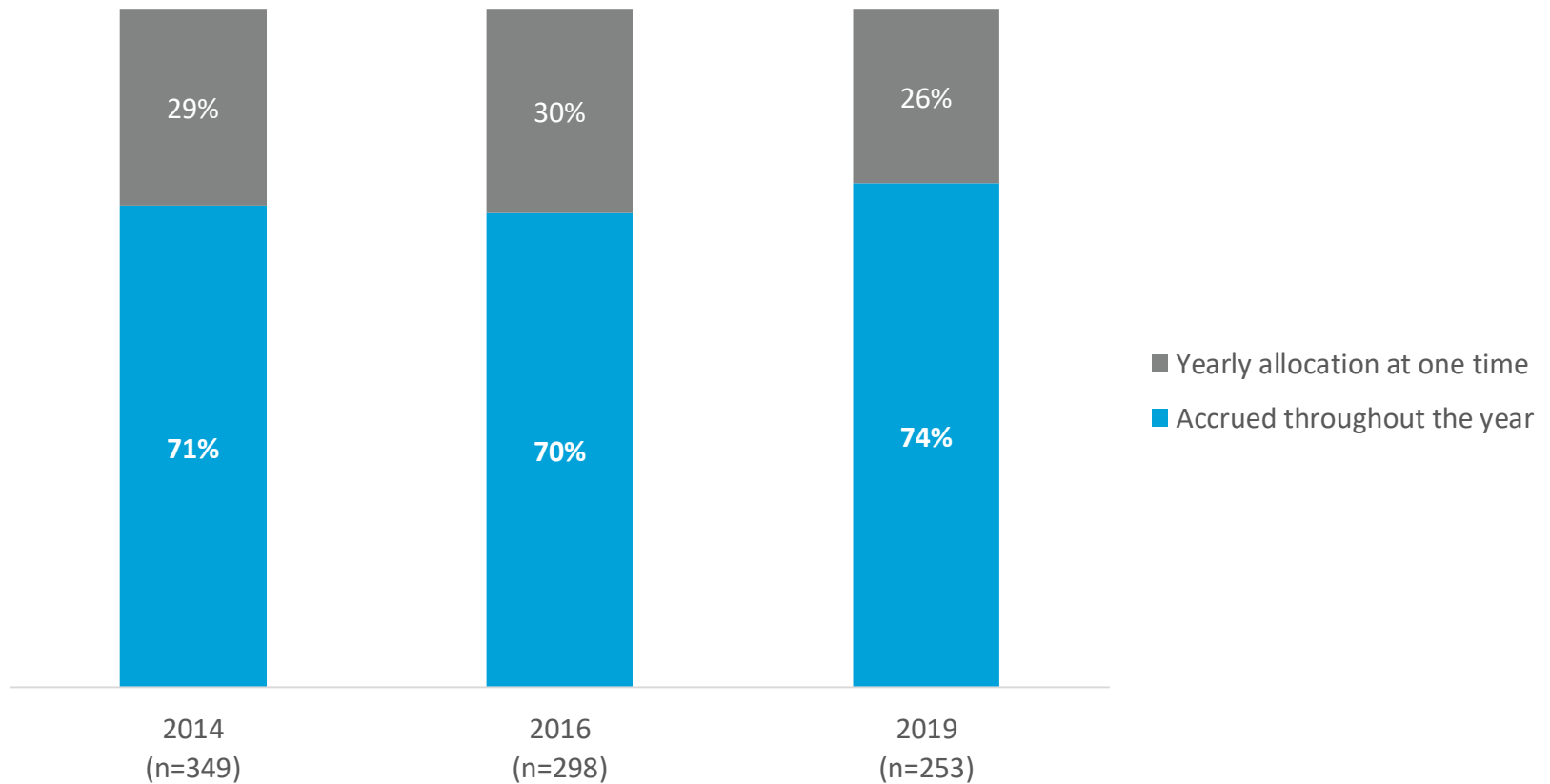
Employers continued to increase the number of vacation days for new employees.

Annual Number of Vacation Days Based on Tenure



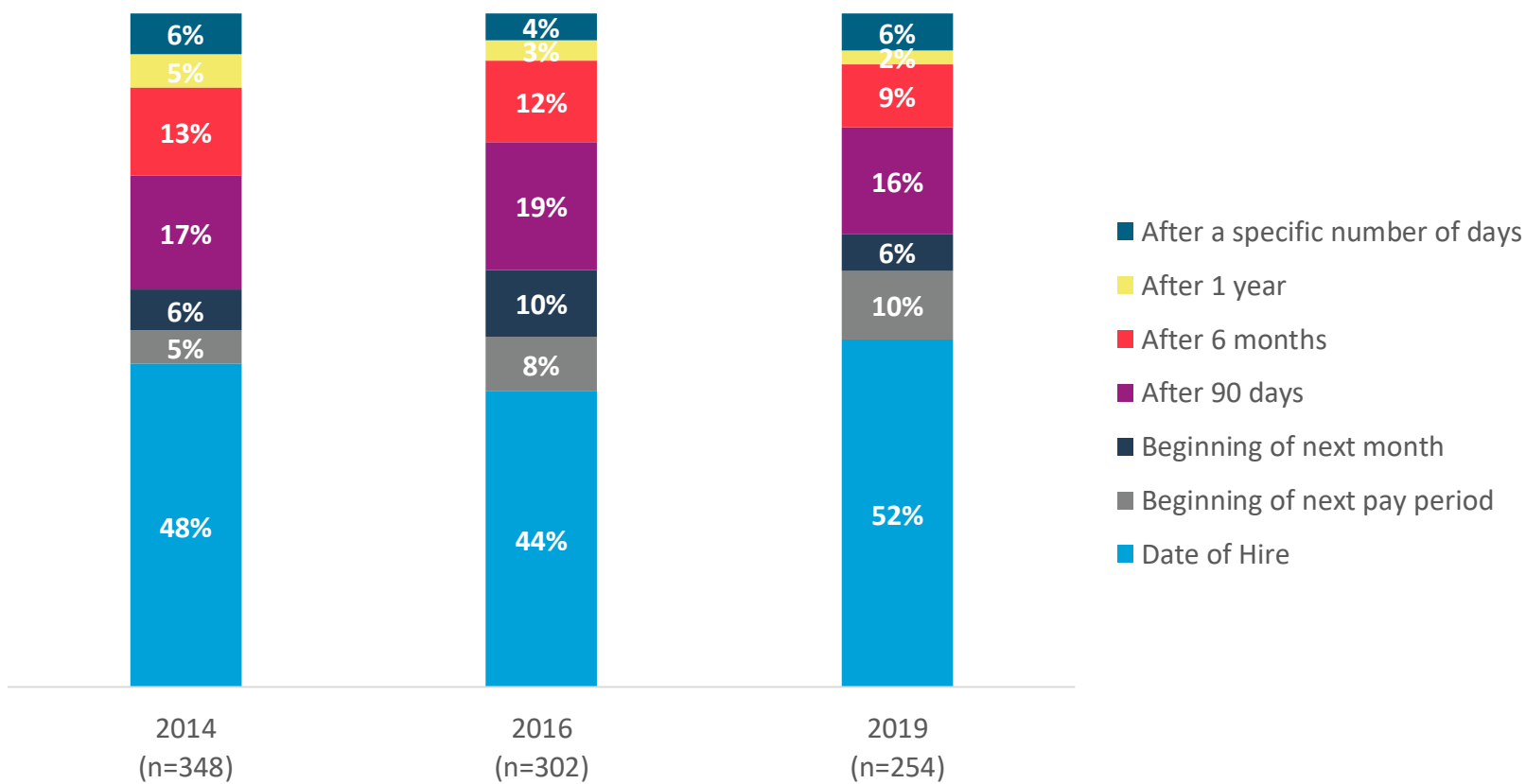
Vacation time is most often accrued throughout the year.

Method for Crediting Vacation Time



Most employees are eligible to use their vacation days as of their date of hire but waiting 90 days is most common for those who are not.

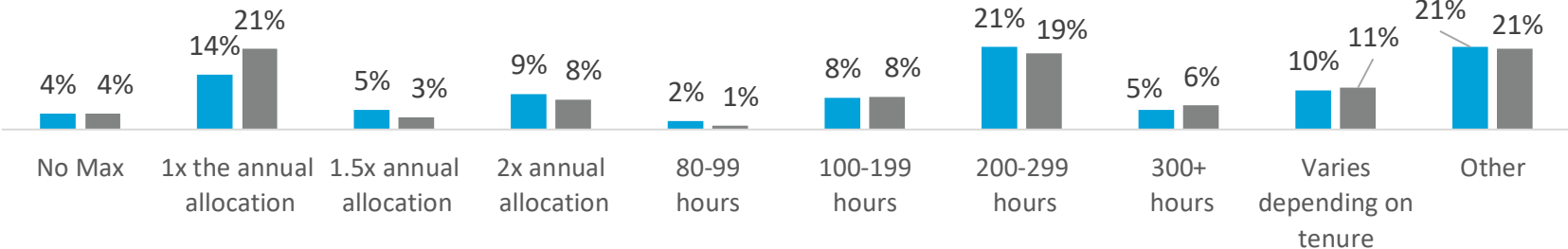
Eligibility to Use Vacation Days



The maximum number of vacation hours an employee can accumulate is varied, but most common are one times the annual allocation and 200-299 hours.

Maximum Number of Vacation Hours That an Employee Can Accumulate

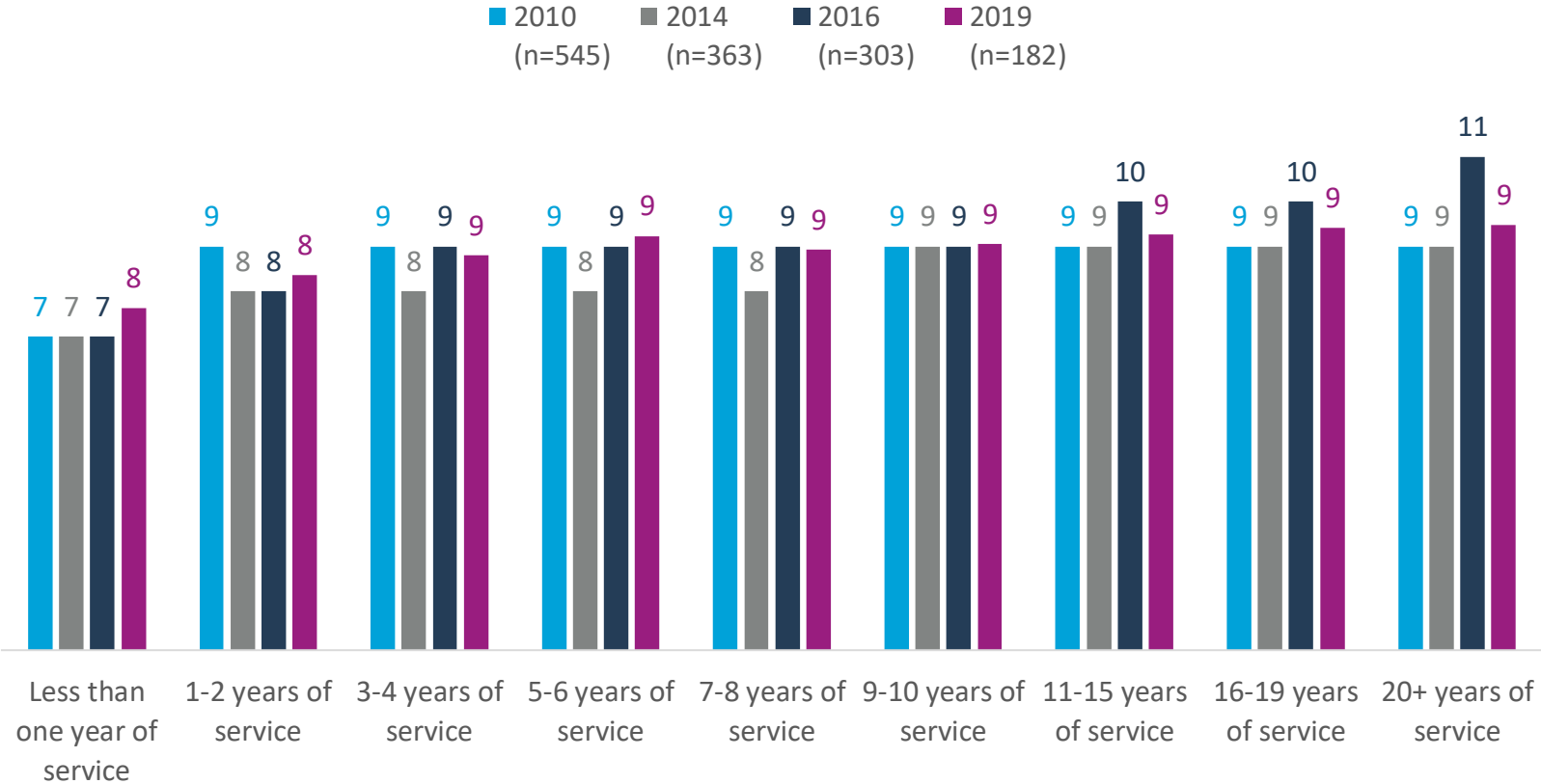
■ 2016 (n=255) ■ 2019 (n=254)



Sick

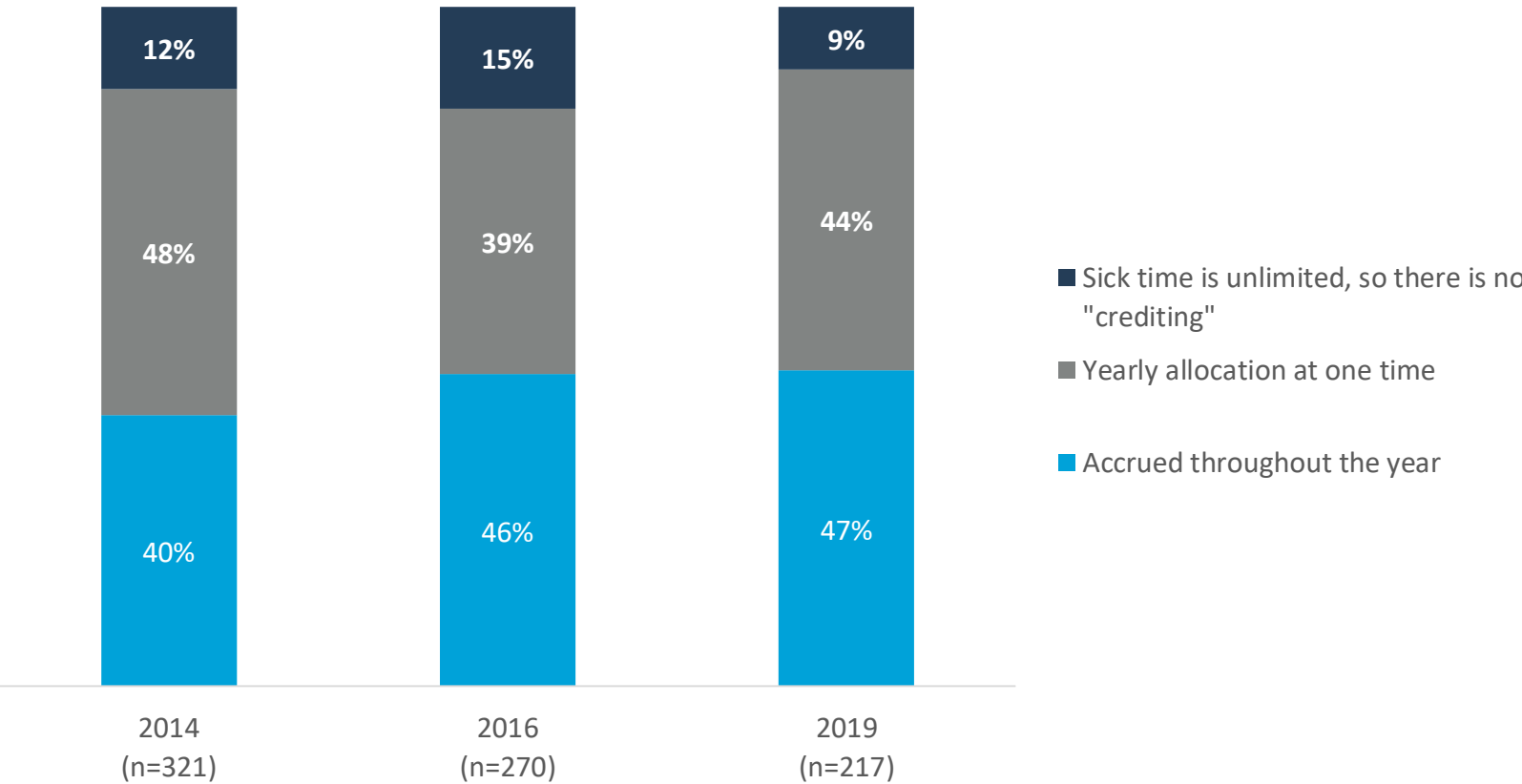
The annual number of sick days has remained relatively constant for the last decade.

Annual Number of Sick Days Based on Tenure



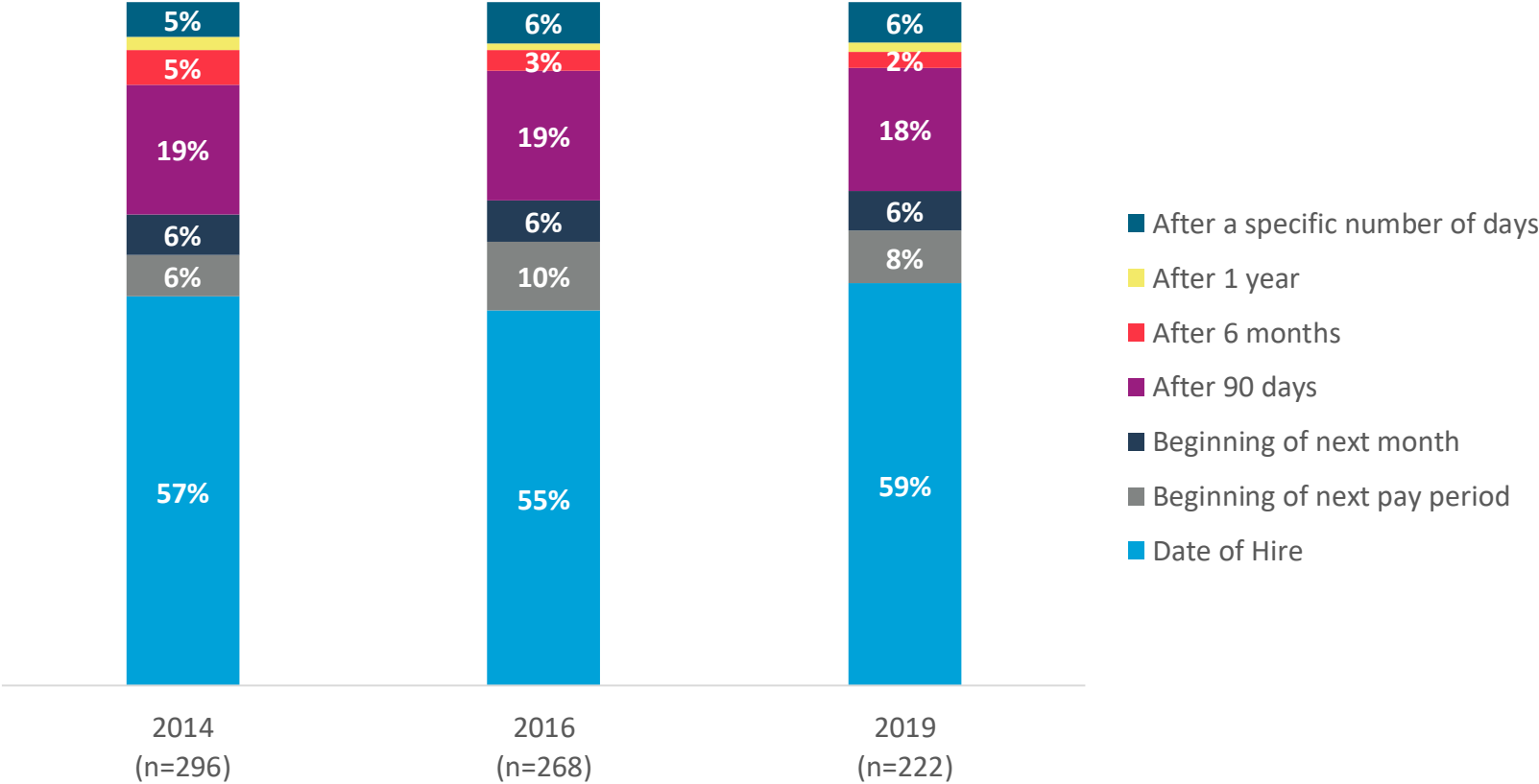
Organizations are evenly split between giving a lump sum of sick time annually vs. having employees accrue it. There has been a decline in unlimited sick time.

Method for Crediting Sick Time



Most organizations allow employees to take sick time as of their hire date. Those who don't most often have a 90-day waiting period.

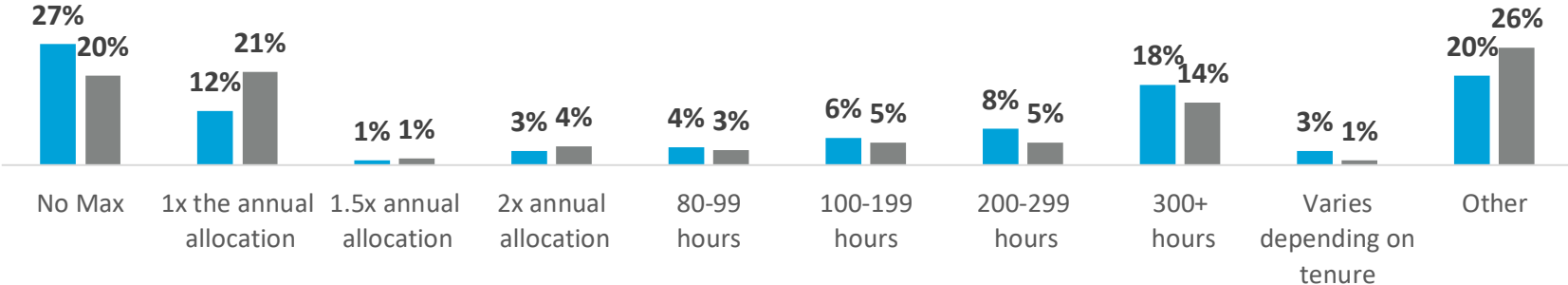
Eligibility to Use Sick Days



Employees are often able to accumulate more than 300 hours of sick time, and one in five have no cap.

Maximum Number of Sick Hours That an Employee Can Accumulate

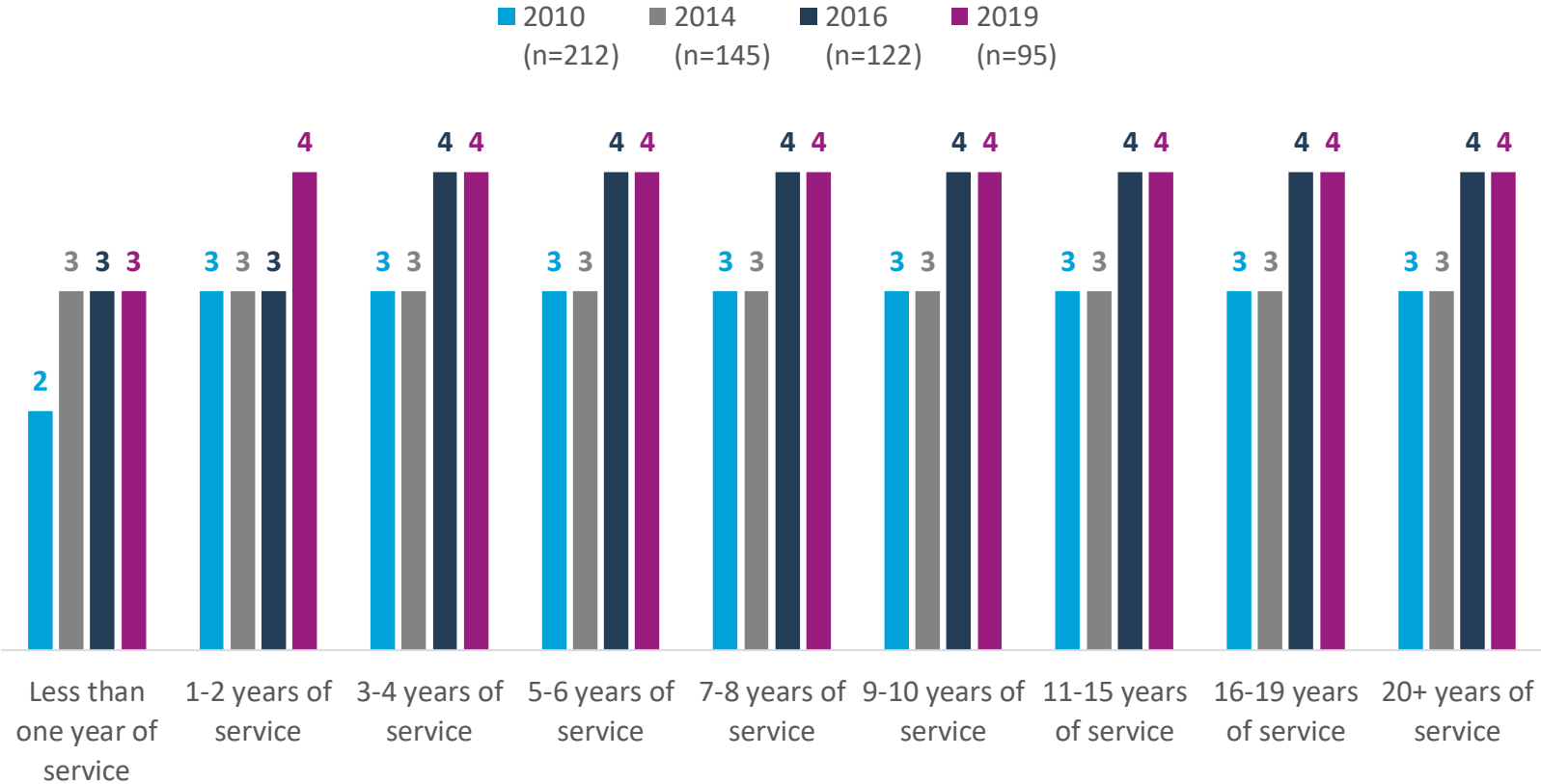
■ 2016 (n=226) ■ 2019 (n=221)



Personal

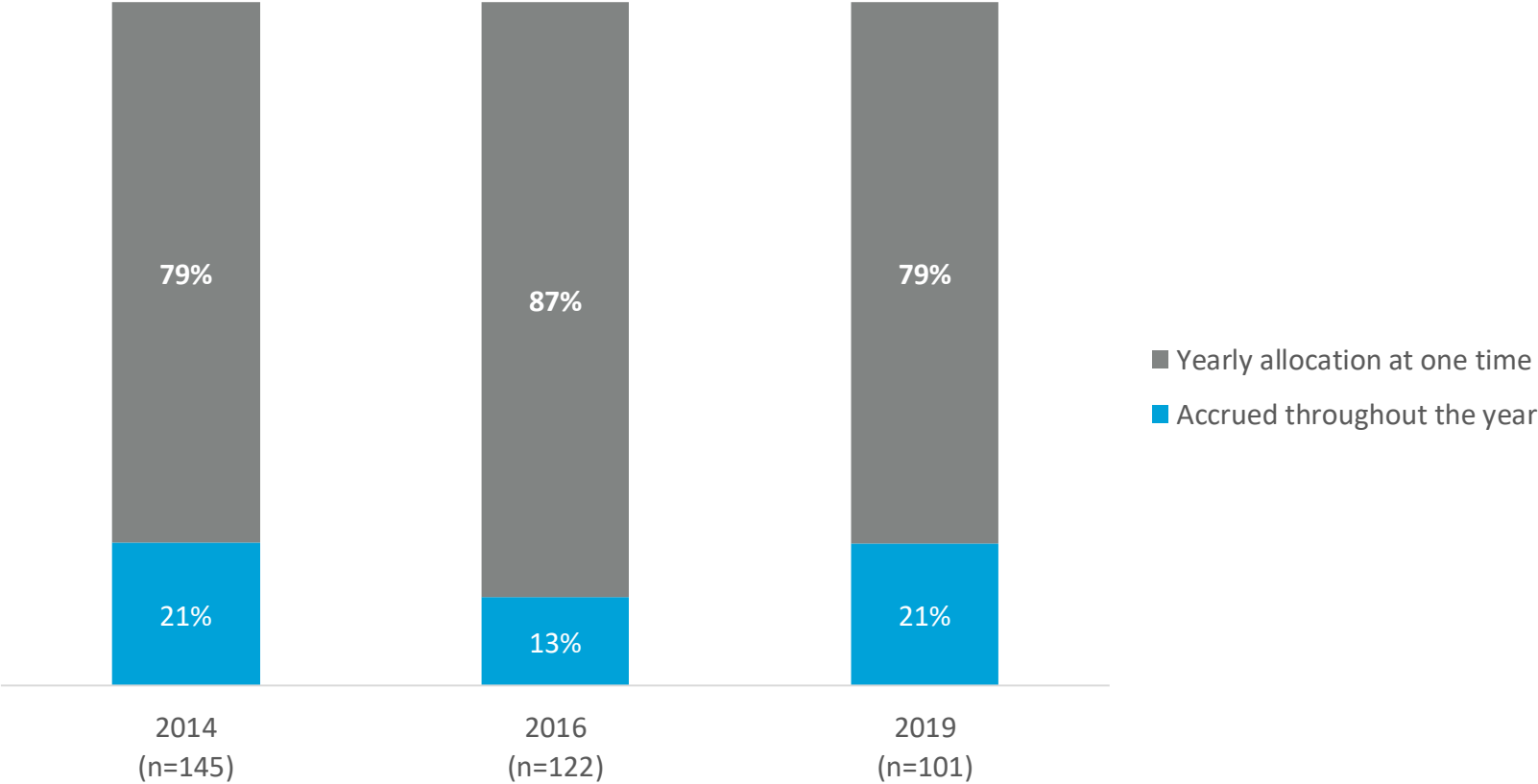
Most organizations give 3-4 days of personal time, regardless of tenure.

Annual Number of Personal Days Based on Tenure



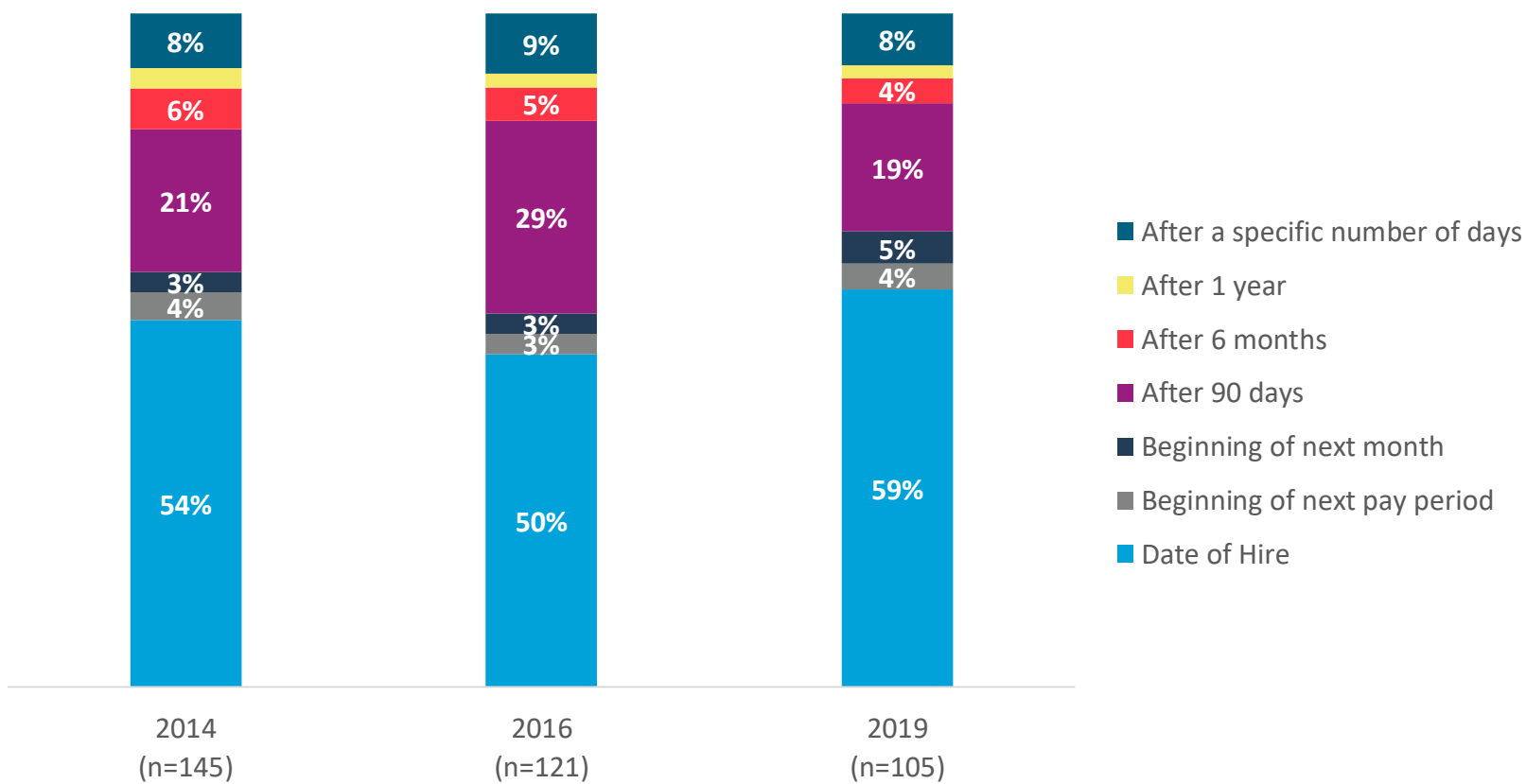
While most personal days are given in block at one time, there appears to be a return toward accruing them within some organizations.

Method for Crediting Personal Days



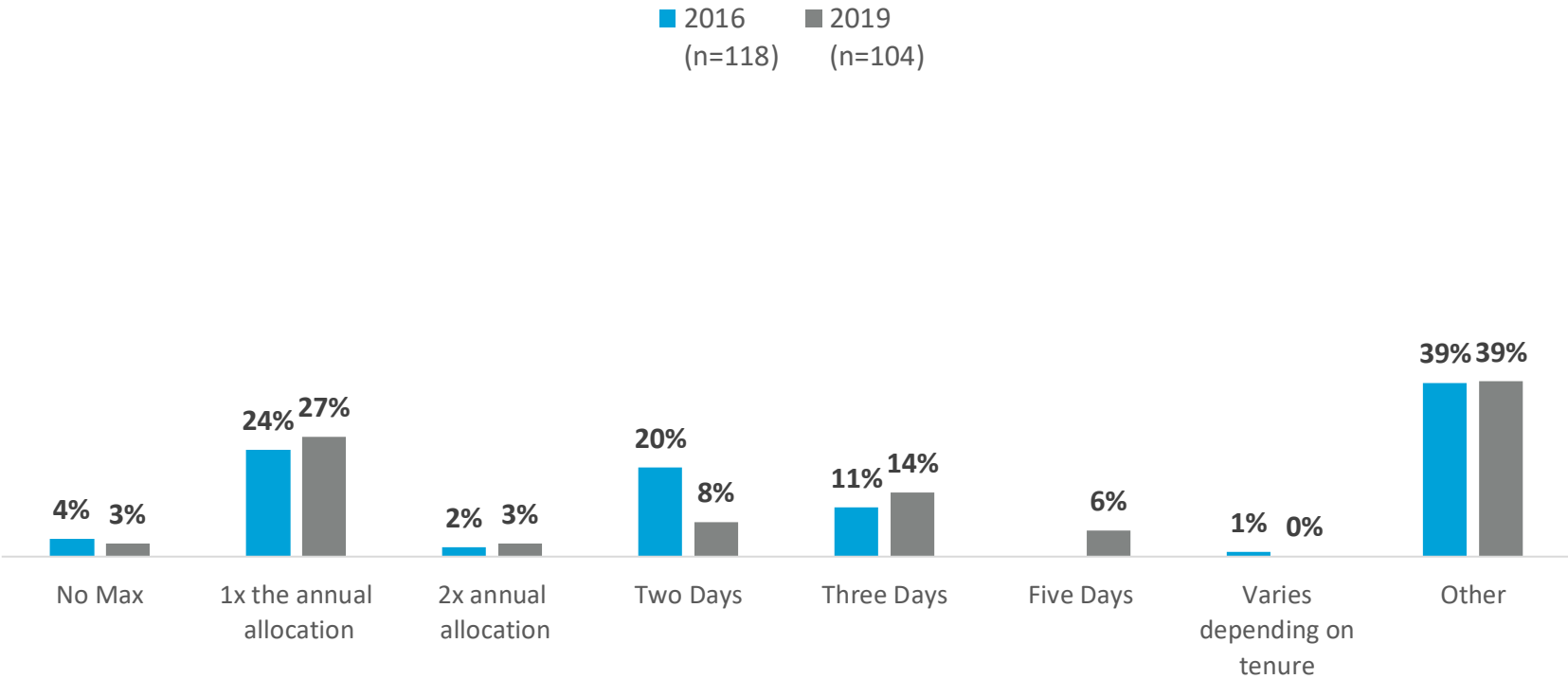
There appears to be an increase in allowing employees to use their personal days as of their date of hire.

Eligibility to Use Personal Days



Employees are typically only allowed to accumulate their annual allocation, which is often given at the beginning of the calendar year (according to other responses).

Maximum Number of Personal Days That an Employee Can Accumulate



Holidays

There was a slight decrease in organizations offering Thanksgiving Friday as a paid holiday and a slight increase in offering MLK day as a paid holiday.

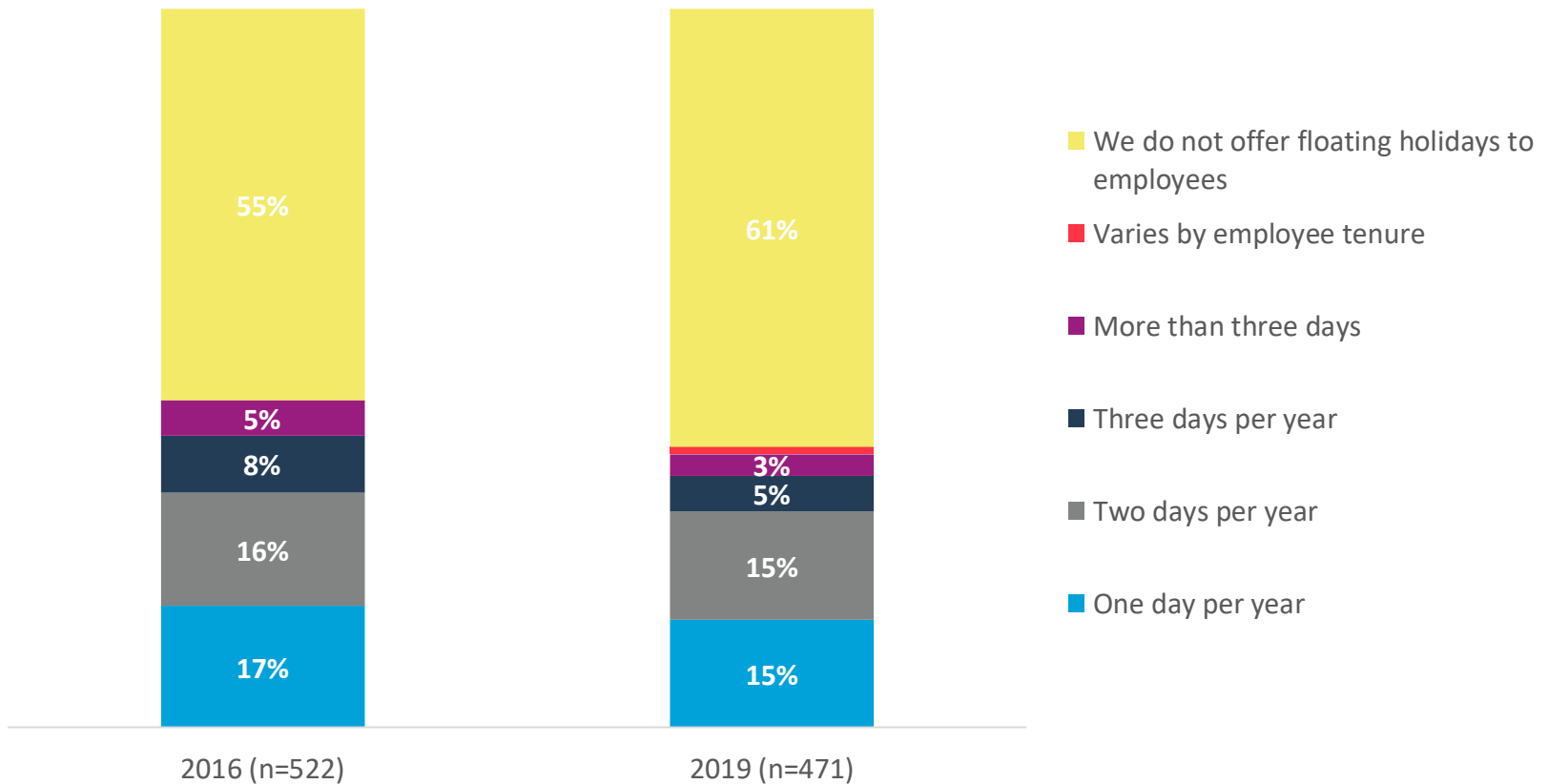
Traditional System	2010 (n=410)	2014 (n=284)	2016 (n=291)	2019 (n=254)
Thanksgiving Day	99%	99%	100%	100%
New Year's Day	99%	100%	99%	99%
Memorial Day	97%	99%	99%	98%
Labor Day	98%	98%	99%	98%
Independence Day	97%	99%	98%	98%
Christmas Day	93%	99%	94%	98%
Day after Thanksgiving	73%	80%	79%	75%
Christmas Eve	51%	49%	52%	54%
Martin Luther King Jr. Day	38%	40%	43%	49%
Presidents' Day/Washington's Birthday	45%	35%	41%	41%
New Year's Eve	33%	30%	27%	29%
Good Friday	22%	26%	24%	21%
Veterans Day	17%	12%	18%	21%
Day after Christmas				14%
Columbus Day	12%	12%	15%	11%
Easter	5%	8%	7%	7%
Election Day				0%
Other				24%

There has been a significant drop in offering the day after Thanksgiving and a sharp increase in offering MLK Day as paid holidays among companies with PTO banks.

PTO Bank System	2010 (n=288)	2014 (n=219)	2016 (n=218)	2019 (n=200)
Thanksgiving Day	99%	100%	100%	96%
New Year's Day	99%	100%	100%	97%
Memorial Day	99%	99%	99%	97%
Labor Day	100%	98%	99%	97%
Independence Day	97%	100%	100%	97%
Christmas Day	92%	100%	94%	95%
Day after Thanksgiving	77%	76%	81%	70%*
Christmas Eve	47%	45%	49%	44%
Martin Luther King Jr. Day	36%	38%	33%	42%*
Presidents' Day/Washington's Birthday	42%	38%	38%	31%
New Year's Eve	29%	22%	25%	21%
Good Friday	13%	18%	18%	21%
Veterans Day	12%	10%	10%	12%
Day after Christmas				8%
Columbus Day	8%	8%	7%	5%
Easter	5%	8%	5%	5%
Election Day				0%
Other				20%
We do not observe any paid holidays				3%

Most organizations do not offer floating holidays, but those that do offer one or two.

Number of Floating Holidays Given Annually



Parental Leave

Definition

- ✓ **Paid parental leave:** Paid leave for use by new-parent employees to recover from the birth of a child and/or to care for or bond with a new child. Definition of “new-parent employee” (i.e., birth mother, father, domestic partner, adoptive parent, etc.) and qualifying circumstances (i.e., birth, adoption, foster placement, surrogacy birth, etc.) may vary and will be covered in this survey.
 - ✓ This paid parental leave is distinct from other paid leave programs. While using this type of paid leave, a new-parent employee does not need to use or exhaust other paid-time-off earnings or accruals such as vacation, sick time or personal leave or PTO; however, an employee may be able to use other earned/accrued paid time off after the paid parental leave benefit is exhausted, if organizational policy allows.

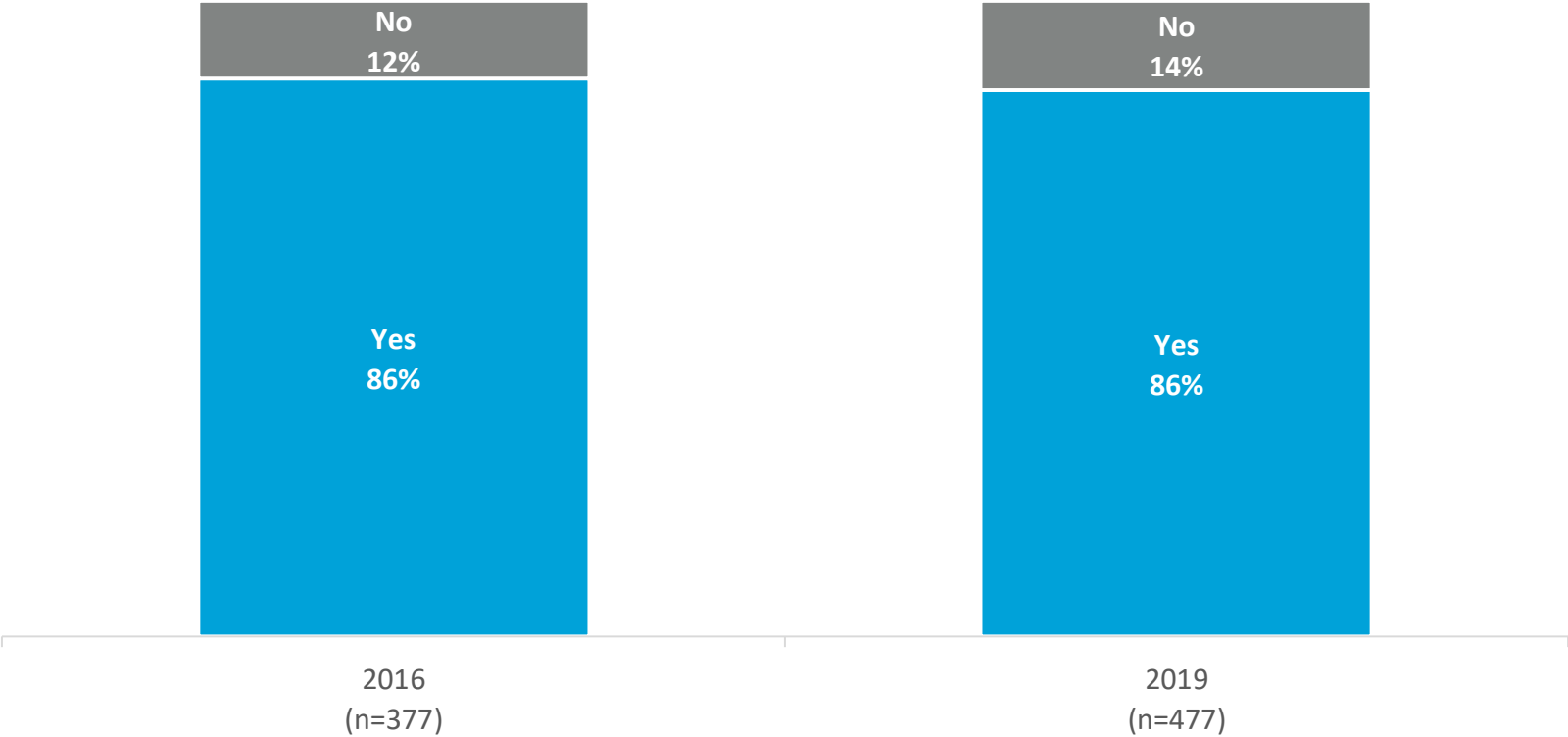
Definition (cont.)

✓ What is not considered “paid parental leave” for the purposes of this survey?

- ✓ **Unpaid, job-protected time off.** Job-protected time off that an organization may offer new-parent employees — whether legally required to or not — if it does not include a specific paid leave benefit for new-parent employees that is paid for by the employer. While not considered paid parental leave for this survey, we will ask separate questions about these programs.
- ✓ **Paid leave that is NOT distinct from other paid leave programs.** Paid time off that requires the new-parent employee to use or exhaust other paid-time-off earnings or accruals such as vacation, sick time and/or personal leave or PTO.
- ✓ **Short- or long-term disability (STD, LTD).** Any portion of paid leave for a new-parent employee that is paid for by an employer-sponsored disability program (e.g., STD, LTD), regardless of whether the employee pays any premiums. While not considered paid parental leave for this survey, we will ask separate questions about these programs.
- ✓ **Government/state-sponsored disability or insurance.** Any portion of paid leave for a new-parent employee that is paid for by a government/state-sponsored program, including government/state programs that require contribution to the fund through employee payroll deduction. While not considered paid parental leave for this survey, we will ask separate questions about these programs.
- ✓ **Pay that supplements partial-pay disability insurance benefits.** When offered, this practice is usually intended to keep the employee’s compensation “whole” or at 100% because the insurance or disability payment only covers a portion of the employee’s pay (e.g., state-sponsored disability insurance, STD). While not considered paid parental leave for this survey, we will ask separate questions about these practices.

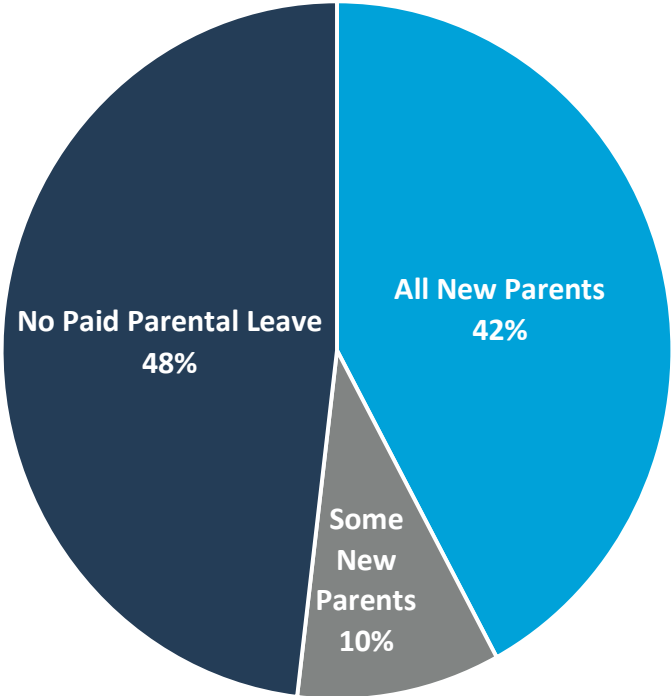
More than 8 in 10 organizations offer short-term disability to birth mothers.

Organization Offers Short-Term Disability to Birth Mothers, Separate from Paid Parental Leave or Other Paid Time Off



More than half of organizations offer some form of paid parental leave, regardless of short-term disability offerings.

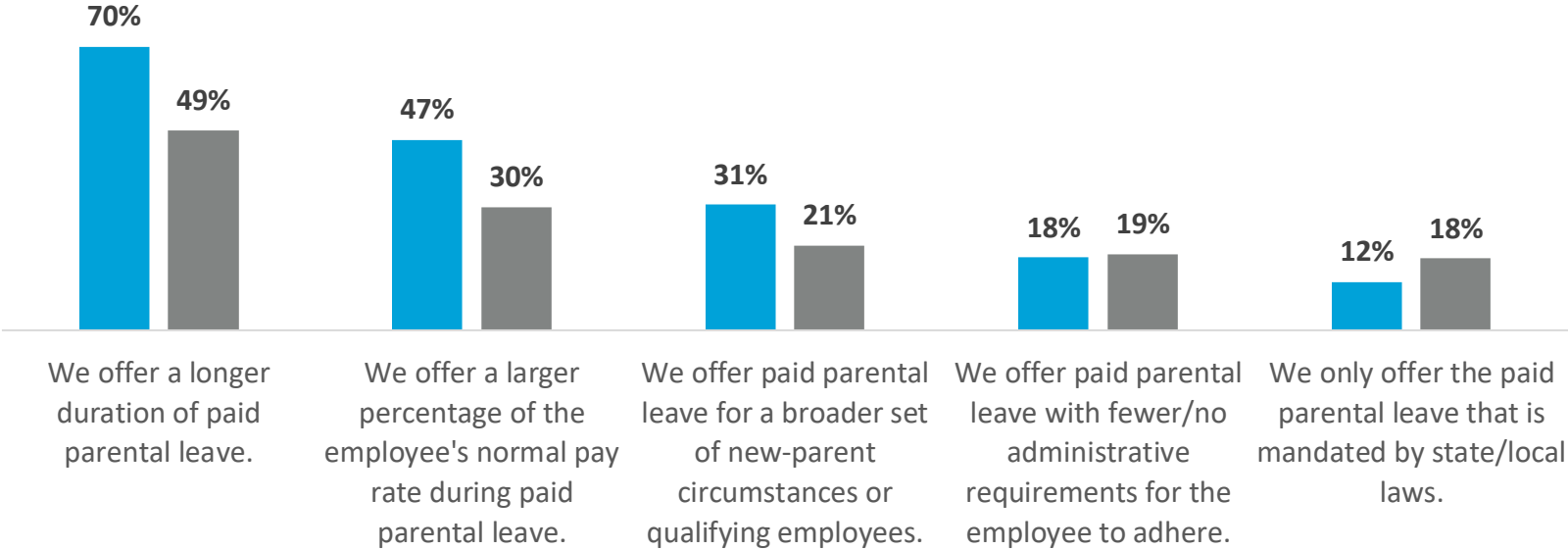
Organization Offers New Parents in the U.S. Paid Parental Leave
Regardless of Short-Term Disability Offerings
(n=478)



There has been a decrease in organizations offering more paid parental leave than they are legally required to, it's probably due to the increasing number of state and local parental leave laws, rather than a decrease in benefits.

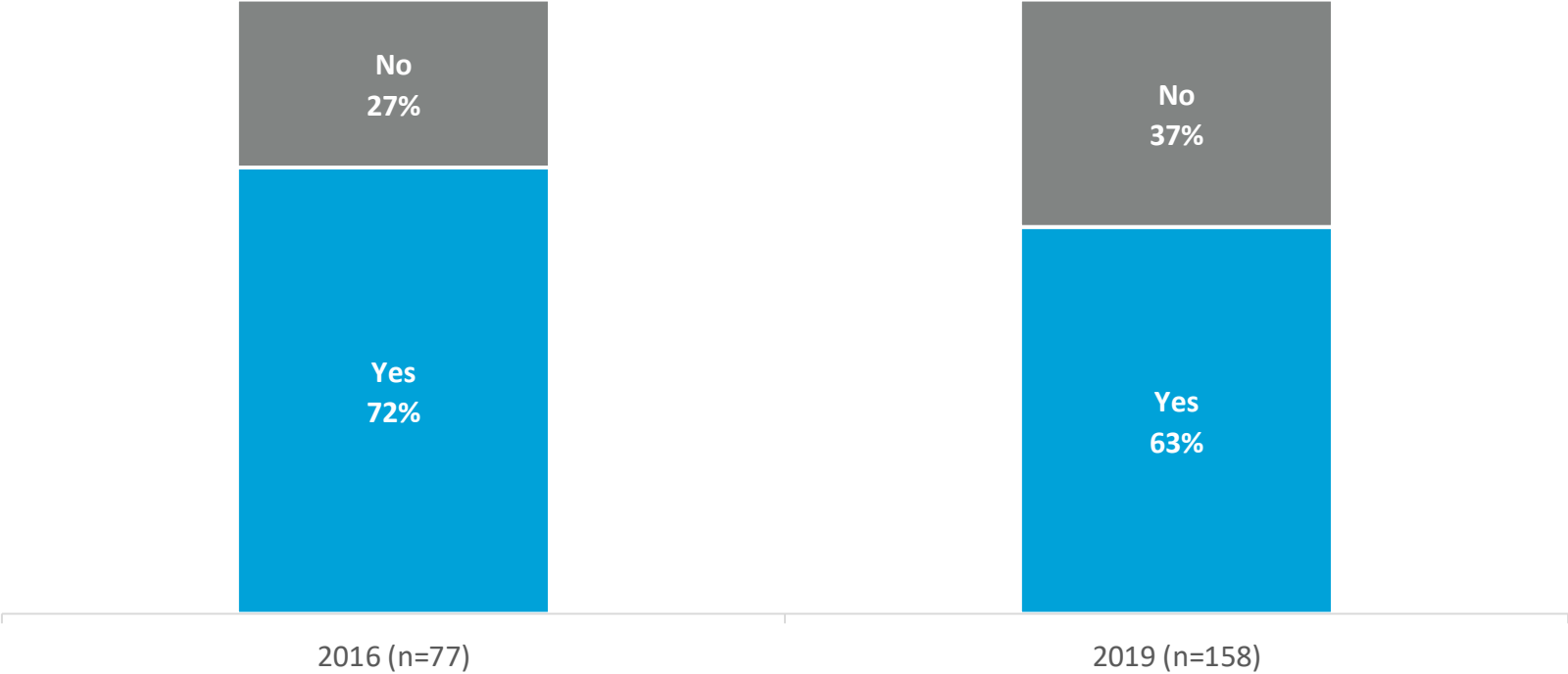
Organization Going Above and Beyond Legal Paid Parental Leave Requirements

■ 2016 (n=83) ■ 2019 (n=181)



Of those with a government or state-sponsored short-term disability program, two-thirds of organizations offer supplemental pay to keep employee in full-pay status during covered portion of parental leave.

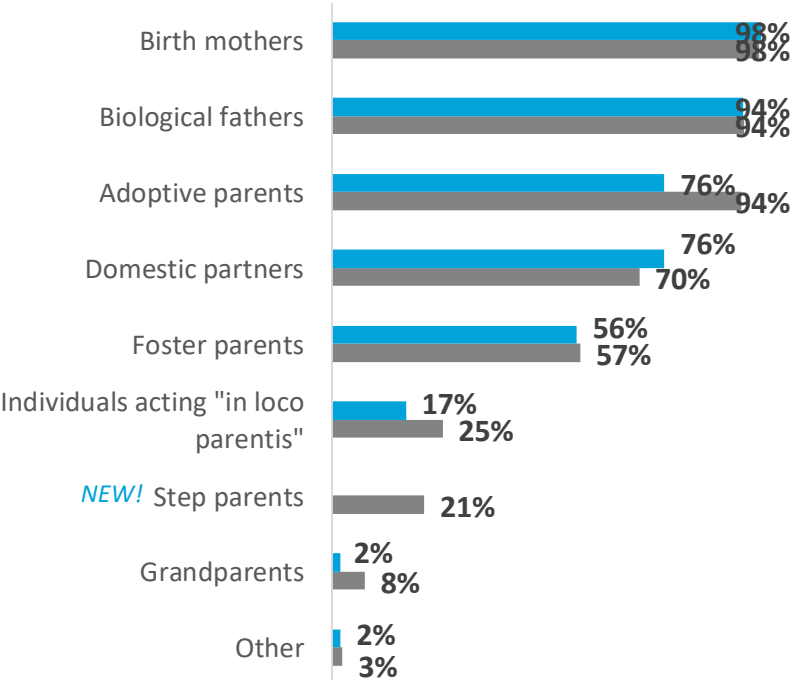
Employer Offers Supplemental Payment to Ensure Employee Receives More or All Pay During Government/State-Sponsored Disability/Insurance



Part-time employees are more likely to be eligible for job-protected leave than they were just three years ago.

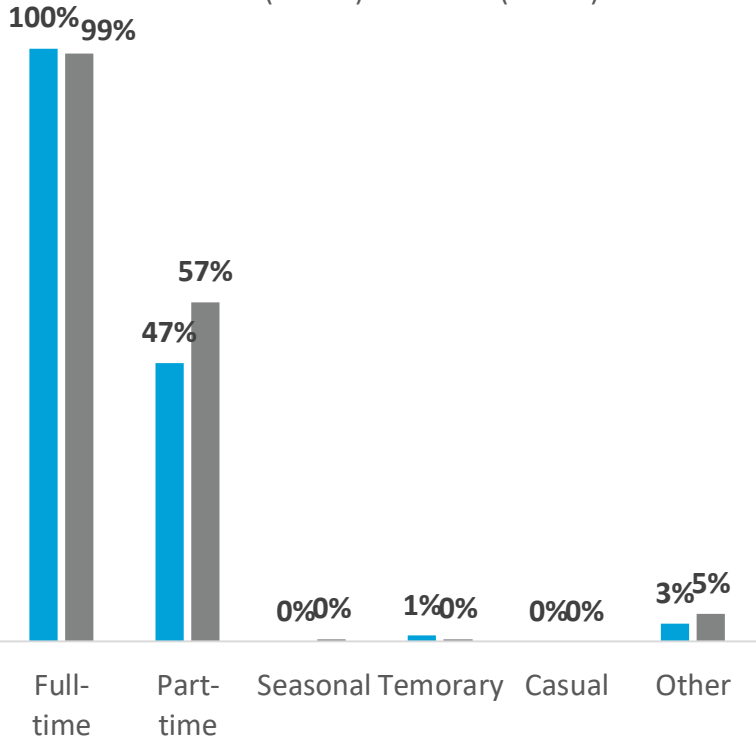
New-Parent Employees Eligible for Job-Protected Leave

■ 2016 (n=124) ■ 2019 (n=236)



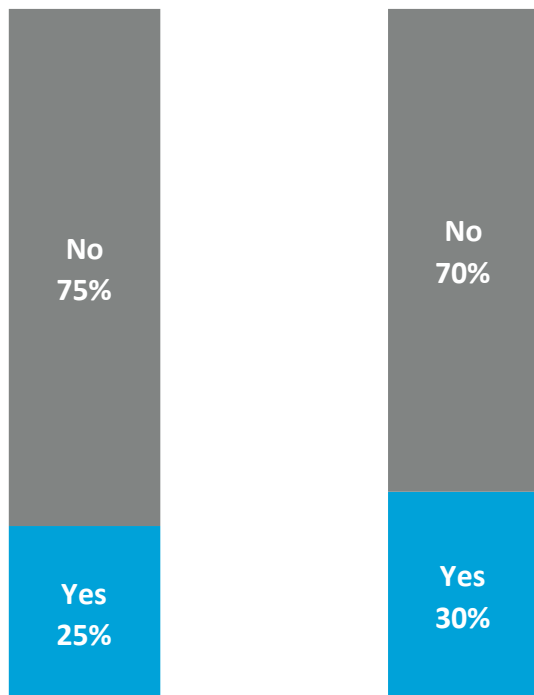
New-Parent Employees Eligible for Job-Protected Leave

■ 2016 (n=124) ■ 2019 (n=236)



Birth mothers and primary caregivers do not often get more paid parental leave than other types of parents.

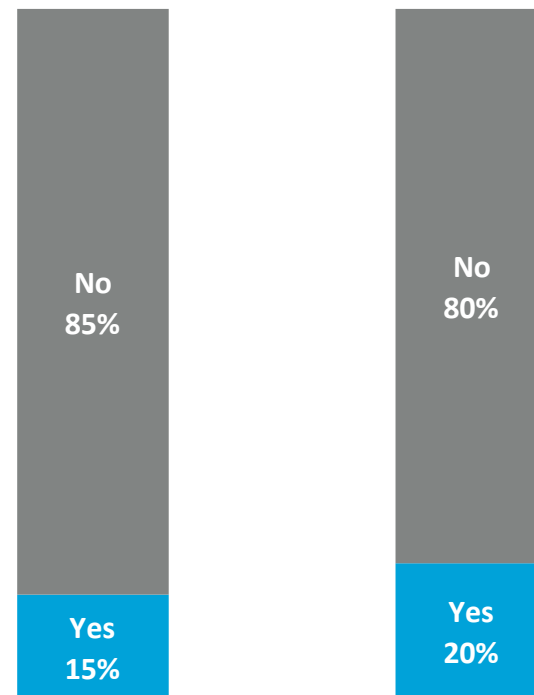
Birth Mothers Receive Extra PPL (excluding disability)



2016 (n=123)

2019 (n=237)

Amount of PPL Dependent on Primary Caregiver Status

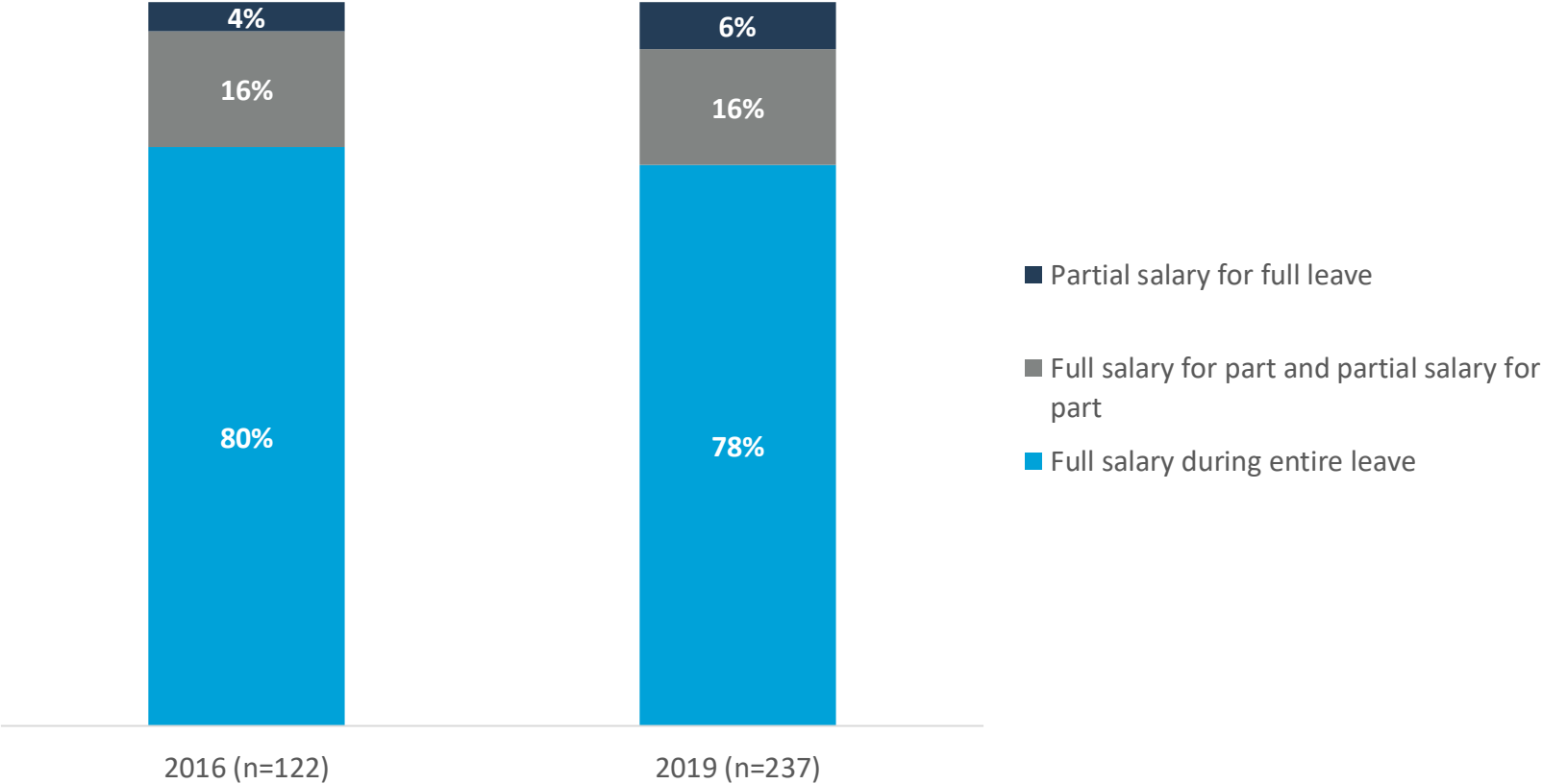


2016 (n=123)

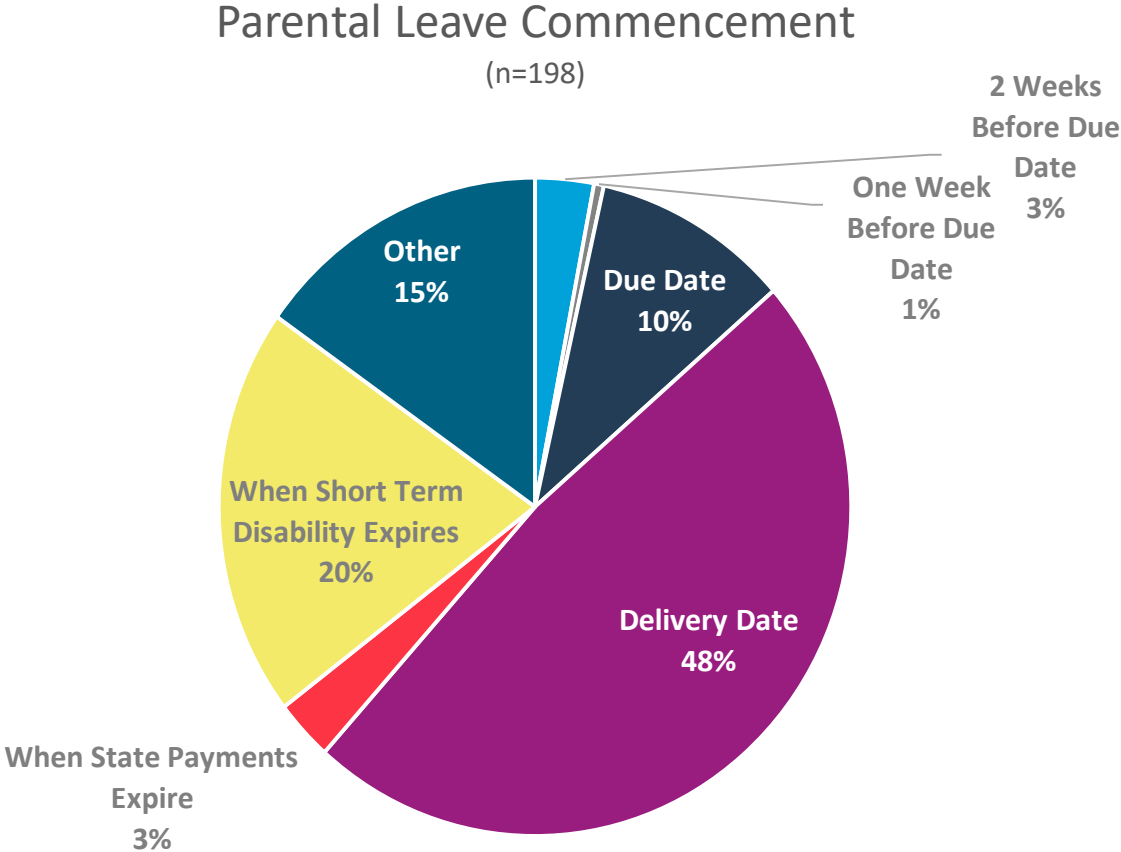
2019 (n=235)

Employees typically receive their normal salary for the entirety of their parental leave.

Portion of Normal Wages Received While on Paid Parental Leave

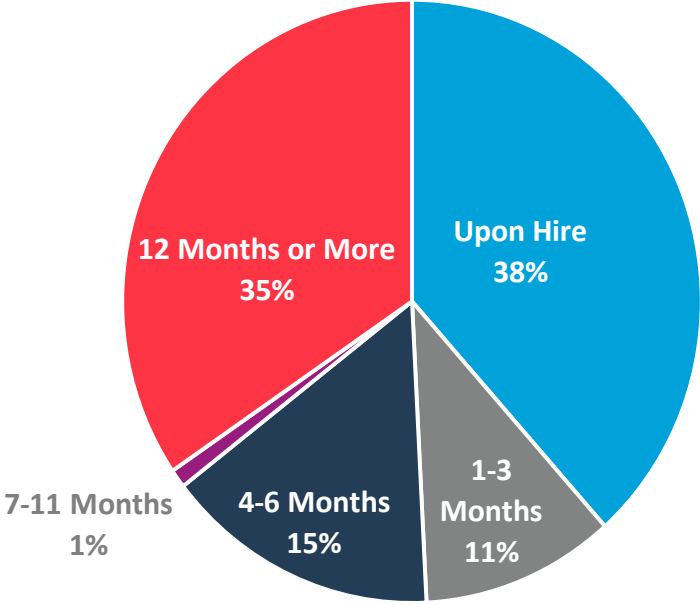


Paid parental leave most often commences when the baby is born.



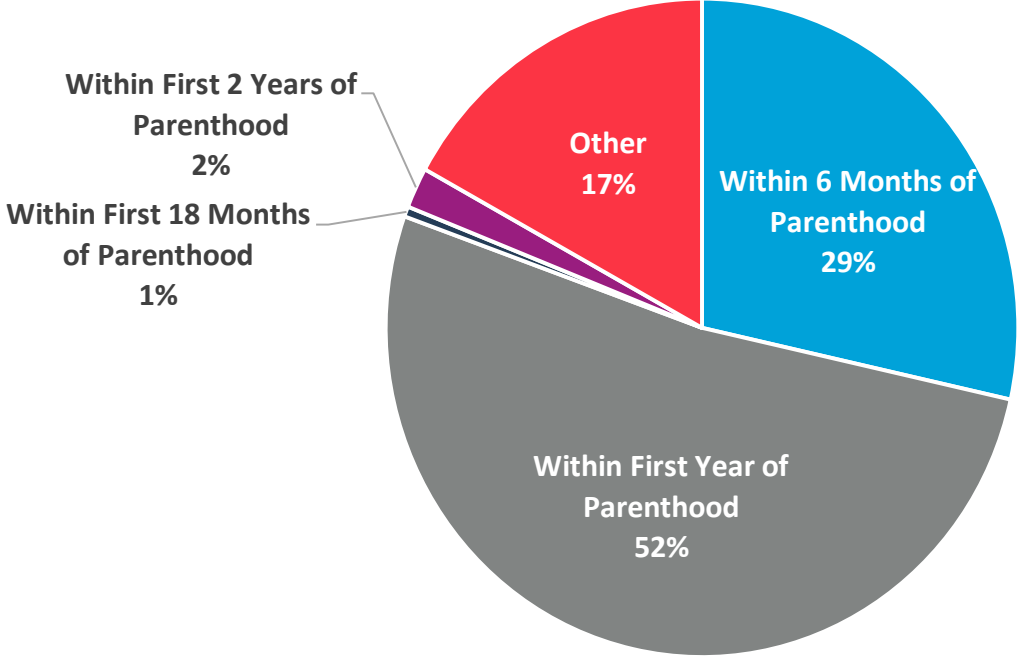
One third of organizations require at least one year of employment before an employee can use paid parental leave.

Time Employee Must be Employed Before Eligible to Take Paid Parental Leave
(n=203)



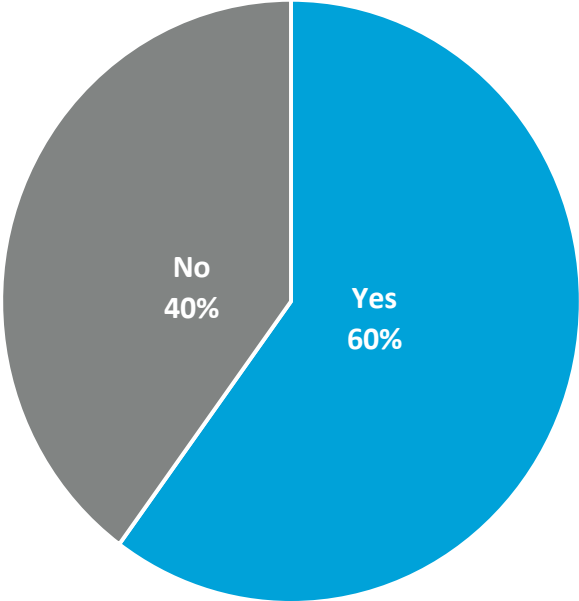
Most employers require that qualifying employees take paid parental leave within first year of parenthood.

Time Employee has to Take Paid Parental Leave After Birth
(n=200)



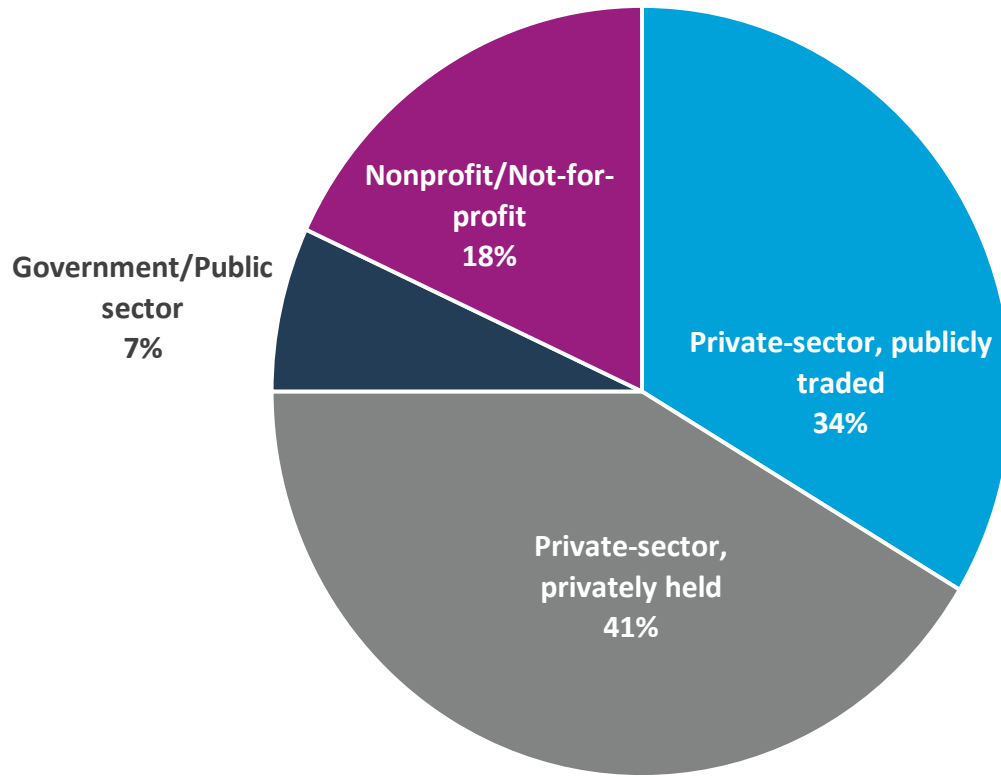
Three in five organizations feature their paid parental leave in order to attract new employees.

Organization Features Paid Parental Leave to Attract New Employees
(n=208)

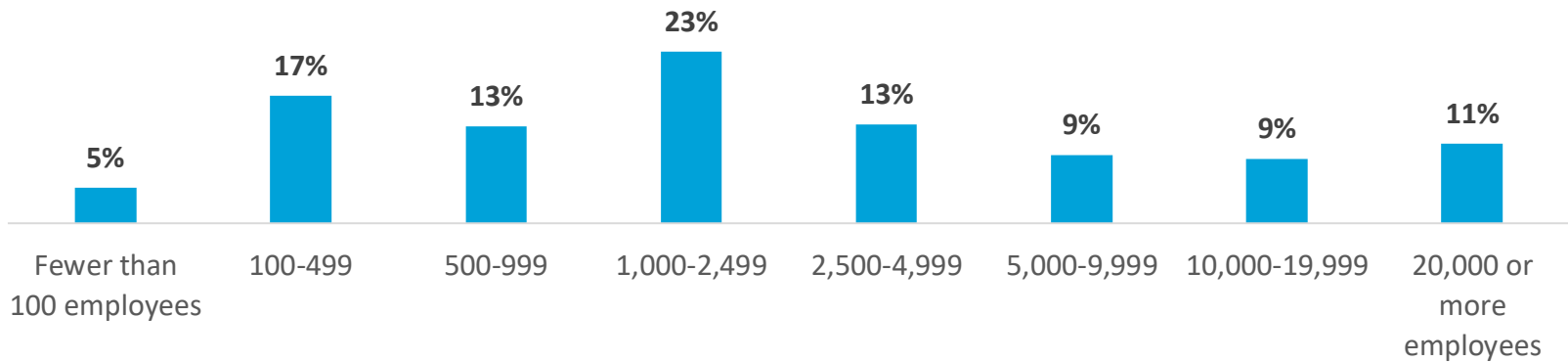


Demographics

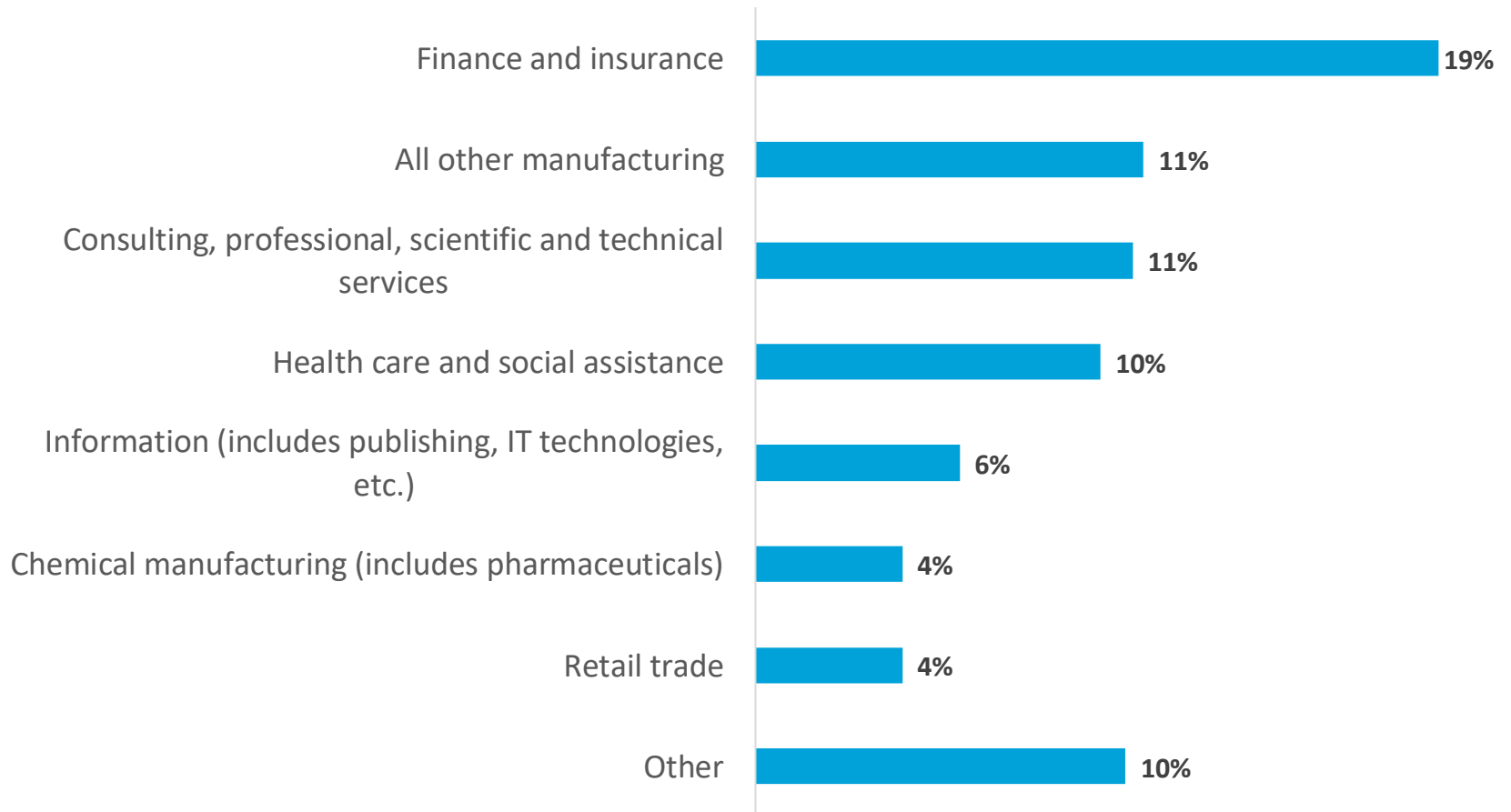
Sector (n=437)



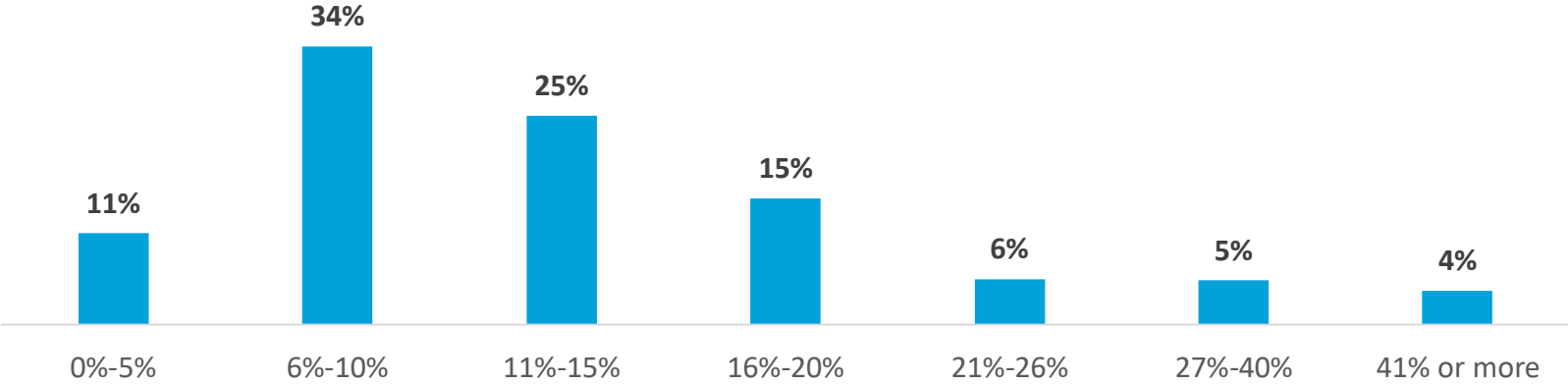
Organization Size (n=437)



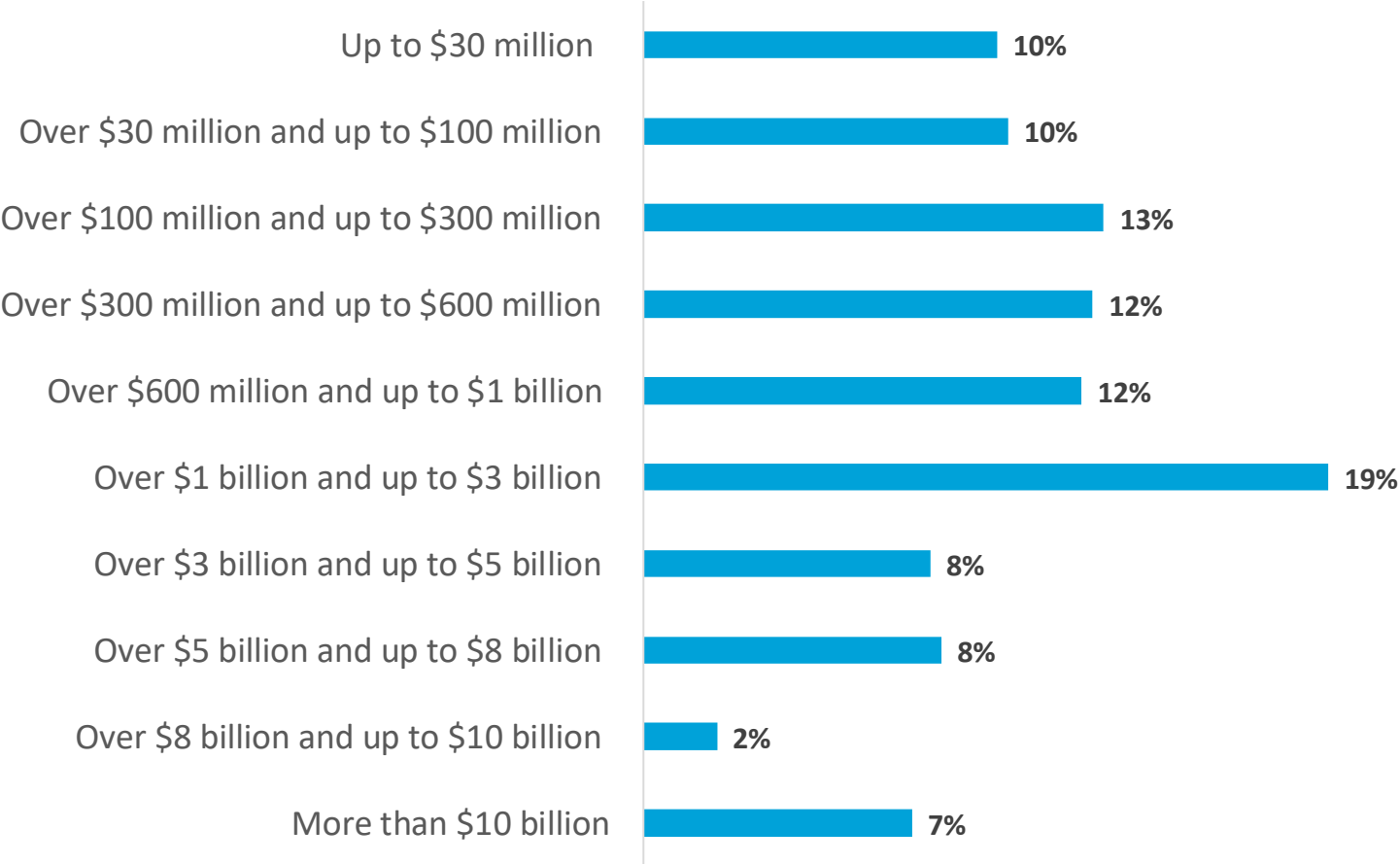
Industry (n=437)



Voluntary Turnover (n=419)



2018 Total Revenue (n=344)



Methodology

This report summarizes the results of a March 2019 survey of WorldatWork members that gathered information on traditional and PTO bank-type programs, as well as current practices in paid parental leave, which is separate from these other programs.

On March 13, 2019, survey invitations were sent electronically to 5,222 WorldatWork members. The survey closed on March 29, 2019, with 557 responses. The dataset was cleaned, resulting in a final dataset of 532 responses. In order to provide the most accurate data possible, data was cleaned and analyzed using statistical software. Any duplicate records were removed.

The demographics of the survey sample and the respondents are similar to the WorldatWork membership as a whole. The typical WorldatWork member works at the managerial level or higher in the headquarters of a large company in North America. The frequencies or response distributions listed in the report show the number of times or percentage of times a value appears in a dataset. Due to rounding, frequencies of data responses provided in this survey may not total exactly 100%.

The full text of the questionnaire can be found [here](#). A list of participating organizations can be found [here](#).

WorldatWork

- WorldatWork (www.worldatwork.org) is the leading nonprofit professional association in compensation and total rewards. We serve those who design and deliver total rewards programs to cultivate engaged, effective workforces that power thriving organizations. We accomplish this through education and certification; idea exchange; knowledge creation; information sharing; research; advocacy; and affiliation and networking. Founded in the United States in 1955, today WorldatWork serves total rewards professionals throughout the world working in organizations of all sizes and structures.

PTO Exchange

- PTO Exchange, the world's only comprehensive and patented flexible benefits platform, empowers employees to personalize their workplace benefits. Employees can now convert unused paid time off (PTO) -- totaling over \$62.2B in monetary value in the U.S. alone -- into tangible goods and services such as vacations, retirement funding, student loan debt payments and charitable donations. For more information, visit <https://www.ptoexchange.com>.

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