

# THE PTO POLICY OF THE FUTURE

## PTO ONLINE EXPERT ENGAGEMENT

Advisory Panel of 24 Seasoned HR and Benefits Managers  
MAY TO JULY 2019



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### OBJECTIVES

- 1 Understand top trends, drivers and frictions for change
- 2 Explore best practices; what works and what does not
- 3 Define the most innovative PTO plans
- 4 Explore the future of PTO practices

## MAJOR TRENDS IMPACTING PTO



### IMPACT TO COMPANIES



### IMPACT TO EMPLOYEES

1. Organizations are shifting away from a combined PTO strategy towards an allotment for each type of PTO (Vacation, Sick, and Personal).

- Increased overhead in managing PTO when it is accrued and administered.
- Employers need to keep pace by adding market-based levels of PTO entitlement.



- Increased complexity and lack of clarity.

2. Many employees are not using their full time off benefits.

- Quality of work can suffer and result in lost opportunities or decreased customer experience.



- People lack rest and rejuvenation that is needed for healthy lives.

3. Managing Generational Needs: Older workers tend to expect to gain PTO over time, while younger employees tend to expect it upfront.

- Design PTO policies for different specific demographics.
- Increases complexity in both compliance and market competitive offerings.



- People may feel they are making a compromise or trading off what they value.

4. Culture and expectations differ by geography, industry and role.

- Certain job types (developers, manufacturing, retail) have different expectations and values which adds complexity especially for vertically integrated or multinational firms.



- Employees may still not feel their PTO plan is a good fit for them despite the customization.

## KEY ADMINISTRATIVE CONSIDERATIONS

Increasing complexity is driving outsourcing and new technology development



Systems are not as good as they need to be to effectively manage PTO.

Design and usability of PTO systems need to be improved



Mobile phones should be a focus as they are becoming a bigger tool in administering PTO

Artificial Intelligence (AI) has potential to help improve efficiencies in administering PTO as it matures. This would include automation and predictive analysis.



Analytics will play a role in enabling improved tracking and customization of PTO based upon business and individual needs.



Changes need to be perceived as being equitable. Otherwise, there will be push back and slow adoption.



Benefit related communication plans must be aligned to the values of the business, especially when communicating significant changes.

## MEGA DRIVERS OF TRANSFORMATION

**PTO policies are becoming a strategic tool to better support business goals.**

Purpose-driven PTO is on the rise moving organizations toward sustainability, diversity, and transparency.

Changes in the workforce and the emergence of gig economies will redefine work/life balance.

## CREATIVE PTO PRACTICES



Allowing employees to purchase additional PTO: Providing an option to allow for more PTO for family situations or circumstances not covered under FMLA laws



Performance-based rewards: Give additional PTO out as a reward for good performance; either in a team or individual basis

Alternative to a raise: Award PTO in lieu of a salary increase. For example, when someone is at the top of the salary range



PTO for personal employee development: PTO can be allotted for personal employee development or training that the company would not otherwise support.

