**Paid Time Off Policy**

**Purpose**

To provide employees with flexible paid time off from work that can be used for such needs as vacation, personal, or family illness, and other activities of the employee's choice, Xaac designed this [Paid Time Off (PTO)](https://www.thebalancecareers.com/paid-time-off-policy-pto-1918232) policy. PTO is payable in the same manner as regular salary and is subject to the same withholding elections.

**Eligibility**

* All full time and part time employees who have completed their probation periods are eligible to earn and use PTO per this policy.
* All full time and part time employees can borrow PTO for emergencies up to 24 hours in a calendar year before it has been accrued with direct supervisor’s approval.
* PTO is not earned in pay periods during which unpaid leave, short or long term disability leave, or [workers' compensation leave](https://www.thebalancecareers.com/workers-compensation-1918294) has been taken.
* Temporary employees, contract employees, and interns are not eligible to earn PTO.

**Schedule**

After their probation periods, employees accrue PTO according to the following schedule:

* For the first year of service, employees are eligible for **7** PTO days.
* Employees are eligible for **one** additional PTO day after each work anniversary.
* For overtime hours, employees earn 1.5 times their regular PTO rate.
* The PTO cap is 15 days per calendar year for all employees.

Employees accrue PTO bi-weekly in hourly increments based on their length of service. PTO is added to the employee's PTO balance when their bi-weekly paycheck is issued. PTO taken will be subtracted from the employee's accrued balance in one-hour increments.

**Procedures**

To reduce [unscheduled absences](https://www.thebalancecareers.com/absenteeism-is-when-employees-dont-come-to-work-1917895), employees should follow the following procedures.

* Employees should communicate with their supervisor about time off in an email and cc to Human Resources **at least one** week before their planned time off.
* After receiving their supervisor’s email approval, employees should submit Time Off Request in ADP. PTO may be used in minimum increments of one hour.
* The supervisor approves the Time Off Request in ADP.
* Employees with an unexpected need (i.e. sudden illness or emergency) to request PTO should notify their direct supervisor as early as possible. Employees must also contact their direct supervisor on each additional day of absence.

**Rollover**

XAAC, Inc encourages employees to use their earned PTO prior to December 31st of the calendar year. Employees can roll over up to 3 PTO days to the next year. Any unused PTO over the roll over limit will be forfeit after December 31st of the calendar year.

**Payment**

Unused Paid Time Off will be paid upon employees’ voluntary and involuntary termination. Paid time off is paid at your base pay rate at the time of the absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differential. Borrowed PTO should be paid back to the company upon employee’s voluntary and involuntary termination at the base pay rate.

**Disciplinary Action**

Unscheduled absence is considered one absence incident in relation to potential disciplinary action. [Progressive disciplinary action](https://www.thebalancecareers.com/what-progressive-discipline-1918092) relative to incidents of absenteeism is administered on a rolling 12-month calendar as follows:

* One to three incidents: No disciplinary action. Supervisory coaching.
* Fourth incident or more: Warning and up to termination.