
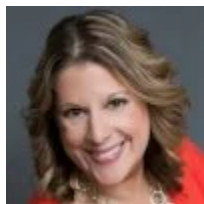


Take All the Time Off You Want: The Pros and Cons of Jobs With Unlimited PTO

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by Tiffani Sherman

Contributor

It sounds like a dream. Take time off of work whenever you need it. But how does unlimited PTO work?

More and more job descriptions boast unlimited paid time off — unlimited PTO — as a benefit. Sick days, vacation, bereavement, and other leave types are all lumped into one bucket. There's no cap on the number of days you can take. If it sounds good to be true, it sort of is. Keep in mind, your work still needs to be done.

“Unlimited PTO is not limitless. There's definitely some different considerations that employers need to put into their plan in order to make sure that it works well,” says Liz Peterson, manager for the Society for Human Resource Management Knowledge Center in Alexandria, Virginia. “There are some limits and there are some exceptions. Just because it's an unlimited balance doesn't mean every request will be accepted. Employers need to consider their staffing needs.”

Unlimited PTO Policies as Job Perks

Unlimited PTO is an enticing bargaining chip, especially in competitive industries looking to attract top talent. The companies say it is a way to show they care about their employees and trust them to make good decisions about the time they need to get the work done.

Research in 2018 from HR platform Namely, shows people who have unlimited time off take fewer days (13) off on average than those with a limited number (15).

“A lot of employers are very concerned initially about unlimited PTO plans because they feel like people will abuse them,” Peterson said. “But what we're finding from employers is that usually that's pretty limited to just a few outliers who are abusing the system, and the

majority are actually using less PTO than they would in a limited PTO plan.”

Unlimited PTO Considerations

There are many things to think about when considering a job with unlimited PTO or if your company is looking at changing its policy. The federal government does not mandate time-off policies and because of that, the amount of time off full-time employees earn varies.

Types of Leave Policies

- **Traditional:** An employee earns a set amount of time off, often based on length of time with the company. Accrued hours are often separated by type, like vacation or sick time. This system allows a company to calculate the cost of time off and set PTO levels according to seniority. If an employee leaves a company, the employee might be entitled to a payout of unused time. Some companies cap the hours an employee can bank or carry over from year to year.
- **Flexible:** Some companies combine all kinds of time off into one pool so employees can have flexibility when they need time and do not necessarily have to define the type of time they are taking. Sometimes employees are entitled to payouts if they leave. Some companies limit the number of hours an employee can bank or carry over from year to year.
- **Unlimited:** As long as time off does not disrupt business or the ability to complete the work, employees can take time off the time they need and want. If an employee leaves, there is no payout since no time was actually earned or accrued.

Unlimited PTO Not the Norm

According to MetLife’s 2020 U.S. Employee Benefit Trends Study, 70% of employees surveyed during two waves in late 2019 and in early 2020 wanted unlimited time off while only 4% of companies offered it.

“I operated under the philosophy of unlimited PTO for some time. I’ve been a manager for probably more than a decade and I’ve always felt that we’re all individuals, and we all have different needs when it comes to recharging and it’s important that we are able to recharge,” says Isaac Josephson, senior vice president product management at fuboTV in New York. “Even when I did not work for companies with an official unlimited PTO policy, my under the table policy was take what you need as long as you get the work done, we’ll make it happen.”



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Benefits and Drawbacks of Unlimited PTO

There seem to be two types of people in a workplace; the ones who need to take time off to refresh themselves and the ones who pride themselves on working all the time and seemingly do not need or want time away.

Neither type understands the other and in a workplace that has no firm policy about the number of days off a person can take, there can be conflict.

“One of the biggest issues is employees avoid taking PTO because they are afraid and they aren’t quite sure when it is acceptable to take vacation or how long of vacation they should take,” Peterson said.

Benefits for the Boss

The employer or company with unlimited PTO systems:

- Shows trust in employees to make good decisions.
- Often realizes a cost savings because there is no vacation liability on the books.
- Eliminates December urgency of everyone trying to take off unused time before it expires.

- Keeps employees engaged because they know they can take time off if they need it.
- Trades in flexibility. Employees often work harder and invest in the company mission to make sure the work gets done so they can take time off.

There's also a reduction in administrative time spent keeping track of the categories of time off.

“It's really up to the employer if they want to track it or not. You pay your employees their salary and some employers say, heck, we're not even going to track it,” Peterson said. “I think most employers do track it because they do want to know how it is used and may also want to be able to identify if there is some type of pattern or excessive use.”

Benefits for the Worker

There are also benefits for the employee who with unlimited PTO can:

- Take time off for whatever reason they want. No need to claim or rationalize a “mental health day.”
- Take time off anytime; there is no need to wait until time accrues.
- Stay home when sick without feeling guilty or stay home to deal with a sick family member.
- Make time for personal interests or hobbies, even if they are during traditional work hours.
- See that employers trust them to focus on contributions rather than the clock.

Disadvantages to Unlimited PTO

There are some disadvantages for both companies and employees. If you work for a company with this type of leave possibilities it's good to know that:

- Companies lose the ability of having time off be a reward for loyalty and longevity. If everyone has the same access to time off, there might be no incentive to stay with a company.
- Expendability can be a problem if someone admits their work is finished, leaving their schedule free. Do they not have enough work to do?
- The creation of so-called work martyrs is a possibility. These are employees who choose to not take time off for various reasons. Does someone look inferior or not dedicated if they take a vacation or random days off?
- There's also no stockpiling of time off for something big or a personal severance package.

How Much Time to Take?

So how do you know what unlimited really means? The work still needs to get done and in some industries, employees need to meet minimum quotas or bill a certain number of hours to clients.

One way to find out what the policy means at your company is to ask others. Find out what time they take and if managers and supervisors encourage people to take time off.

“Employers need to be very clear and also model the behavior of taking vacations and leaders should be talking about it all the time,” Peterson suggested. “Talking to their staff about their plans and what they did helps everybody realize vacations are a good thing to do and even my boss does it.”

Even if the policy is unlimited PTO, employees should be given a written policy.

Gail Farb, an employment attorney with Williams Parker Attorneys at Law in Sarasota, Florida, recommends the policy include:

- How and when to request PTO.
- Circumstances where a request can be denied.
- If there is an expectation to take vacation each year.
- If there is a maximum amount of time to take at one time.
- If there is a minimum amount of time employees should take.
- How PTO works with leaves of absence including FMLA, military leave, etc.
- How supervisors track time off.
- The consequences if there is a pattern of excessive use of time off.
- A clear statement about payout of PTO if an employee leaves.

For unlimited PTO policies to work, communication is a key, especially from management.

“We need to transition over from approving vacations in a way that makes people feel like it’s a struggle for the team. That can make people feel like they can’t request again,” Peterson said. “But when we approve their vacation request with zeal and we’re excited about it for them, that relieves that pressure and lets employees know, ‘I did okay. This is fine. I can take a vacation.’”

Tiffani Sherman is a Florida-based freelance reporter with more than 25 years of experience writing about finance, health, travel and other topics.