Everyone needs time away from work to manage personal business or to relax and recharge. The new Beaumont Health benefits program will include new policies and procedures for paid time-off (PTO) — including vacation and sick time (taking effect during the second quarter of 2017) — and holidays (taking effect Jan. 1, 2017).

As discussed in recent issues of *Beaumont Blend*, BH took a thorough approach to designing our new benefits program. This included learning what you value through the Total Compensation and Benefits Survey, reviewing programs currently in place at the three founding organizations, considering what other health care organizations offer and looking at our future needs to recruit and retain the best team members for Beaumont Health.

**WHAT WE FOUND**

- significant variation among the three founding organizations
- two organizations had six holidays; one had eight
- two organizations’ PTO/holiday programs were above market; one was slightly below market

**WHAT WE DID IN RESPONSE**

- implemented one consistent approach that compares well with other health systems
- adopted BHS/Botsford holiday schedule (six days)
- simplified to have only two PTO accrual schedules: hourly and salaried

The new PTO program affects your future paid time-off, beginning Q2 2017. The transition process will vary slightly between founding organizations, but no employees will lose the PTO they have previously accrued; it will either be carried over to the next year or paid out in cash.

"A key priority of the new program is to encourage staff to take appropriate time-off," said Carolyn Wilson, chief operating officer. "Caregivers need to take good care of themselves to ensure they can provide compassionate, extraordinary care for patients. That includes using PTO to enjoy family, travel, rest and relaxation."

### Six 2017 holidays

For 2017, the holiday pay policy will apply for all of Beaumont Health for the same six days:

- New Year’s Day
- Labor Day
- Memorial Day
- Thanksgiving
- Independence Day
- Christmas

Note: PTO schedules and holidays for physicians and residents will continue to be determined by Beaumont Medical Group. PTO schedules and holidays for staff covered by collective bargaining agreements will continue to be covered by the terms of their respective agreements.
PTO accrual

Once the new PTO program takes effect, hourly and salaried employees (except directors and above) will accrue (earn) a bank of PTO hours, which can be used for vacation and sick time. Below is a snapshot of how many hours/days you can accrue during a full calendar year, based on your years of service and whether you are hourly or salaried. Hourly employees typically are non-exempt employees who swipe in and out. This new accrual schedule will take effect during the second quarter of 2017 (the specific date will be announced in the coming months).

You will accrue time-off based on hours paid up to 80 hours per pay period. Once the new PTO program takes effect, if your unused PTO reaches the maximum accrual at any time, you will not accrue more PTO until your bank is reduced.

<table>
<thead>
<tr>
<th>Years of service</th>
<th>Accrual per hour paid</th>
<th>Annual accrual</th>
<th>Maximum accrual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 4</td>
<td>0.08076924 hour</td>
<td>168 hours</td>
<td>168 hours</td>
</tr>
<tr>
<td>4 to 8</td>
<td>0.096153847 hour</td>
<td>200 hours</td>
<td>200 hours</td>
</tr>
<tr>
<td>9 to 15</td>
<td>0.115384616 hour</td>
<td>240 hours</td>
<td>240 hours</td>
</tr>
<tr>
<td>16 or more</td>
<td>0.119230770 hour</td>
<td>248 hours</td>
<td>248 hours</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years of service</th>
<th>Accrual per hour paid</th>
<th>Annual accrual</th>
<th>Maximum accrual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5</td>
<td>0.103846154 hour</td>
<td>216 hours</td>
<td>324 hours</td>
</tr>
<tr>
<td>5 or more</td>
<td>0.119230770 hour</td>
<td>248 hours</td>
<td>372 hours</td>
</tr>
</tbody>
</table>

Example: An hourly employee with two years of service works 80 hours in a pay period. The accrual earned will be 6.4615 hours of PTO (0.08076924 x 80 hours) for that pay period.

PTO carryover / rollover beginning with year-end 2017

At the end of each calendar year, employees (except directors and above) can carry over to the new year any unused PTO, up to the maximum accrual. Many employees choose to maintain a number of unused PTO days to provide pay during an illness.

Example: An hourly employee with two years of service can carry over 168 hours to the next year.
Voluntary PTO cash-outs (for hourly employees)

Once the new PTO program takes effect, hourly employees will be able to cash out up to 40 hours of PTO twice per year (80 hours annually). In other words, you can elect to receive the value of these hours as taxable pay.

There are two times each year when hourly employees can elect a cash-out:

.orange-bold-check

Open enrollment (typically held each fall): You can elect to be paid as a lump sum or in 26 equal installments throughout the coming calendar year. (However, if employment is terminated during the year, the remaining installments will be forfeited.)

.in-blue-check

In June: You can elect to be paid as a lump sum.

To comply with IRS rules and avoid taxation on your entire PTO annual accrual, 10 percent of the cash value of any voluntary cash-outs will be forfeited. If you elect a cash-out, you will be paid 90 percent of the cash value of your PTO, less income taxes and other withholdings.

Salaried employees are not eligible for cash-outs, but they have a higher maximum accrual (1.5 times the annual accrual). This provides flexibility for salaried employees, while encouraging them to use their PTO to maintain a balance between their work and personal lives.

PTO donations

Hourly and salaried employees (except directors and above) will have the option of donating the cash value to the Beaumont Health Foundation. During the foundation’s annual fundraising campaigns, you will be able to choose how much PTO to donate, up to 40 hours. As with voluntary PTO cash-outs, 10 percent of the cash value of PTO donations will be forfeited.

Directors and above

Directors and above will receive an annual allocation of PTO on Jan. 1 of each year and, therefore, do not accrue PTO. PTO does not carry over from year to year, so please be sure to use your PTO by the end of the year.

<table>
<thead>
<tr>
<th>Years of service</th>
<th>Annual allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5</td>
<td>216 hours</td>
</tr>
<tr>
<td>5 or more</td>
<td>248 hours</td>
</tr>
</tbody>
</table>

Questions?

Visit the new Pay and Benefits Resource Center at www.payandbenefitsresourcecenter.com for Frequently Asked Questions (FAQs) about PTO and Holidays.

If you have additional questions, contact your local Human Resources representative.

If there are any differences between the information in this article and the official policy, the policy governs. Policies may change or end at any time.