



THOUGHT LEADERSHIP

Financial Services

Benefit Trends: PTO policies

In 2020, many employers were forced to take stock of their PTO policies in order to adjust to a new way of working brought on by the Coronavirus pandemic. As a result, 47% of employers plan to make changes to their PTO policies and offer increased flexibility to employees, according to Aflac's 2020-2021 Workforces Report. While these changes were spurred on by the pandemic, employees were already looking for greater flexibility in PTO policies before Covid-19 upended their lives.

[A 2019 study by MetLife](#) found that 27% of American workers would stay in their current jobs if their employers offered them a flexible schedule, and another 27% would stay if they were offered flexibility to work from a location of their choice, proving that the pandemic has only accelerated an existing trend toward more flexible work.

Some employees, especially working parents, may be primarily looking to reduce hours or work a flexible schedule. At the same time, widespread illness reminds us how important sick leave is to helping employees recover from illnesses and avoid exposing their colleagues to even common bugs like the cold or flu.

To meet employee demand for flexibility, consider structuring your PTO policy in a way that allows all employees to accommodate what's most important to them.

Creating the right PTO policy for your workplace

The first thing to consider when creating or revising your PTO policy are the [state and local requirements for paid sick leave](#). Make sure to review the laws in your area to ensure your policy is up to date with legal requirements. Next, you'll want to consider whether to use a traditional PTO structure—which offers a set number of days allocated for vacation, sick leave and designated holidays—or whether to embrace an all-in-one bucket of PTO time that can be used by employees whenever they need it.

An all-in-one PTO policy gives employees flexibility to use their time for the purposes that best fit their life. An employee who isn't often sick may prefer to have more time off to relax at home

or take a vacation, while an employee who experiences a serious illness may need more than the allotted time sick days to recover.

More and more employers now offer unlimited PTO, which is the most popular “emerging benefit” among American workers according to [Metlife’s 2019 study](#) which found that 72% of workers are interested in unlimited PTO. Unlimited PTO policies offer maximum flexibility, and unlike accrued PTO policies, do not require employers to pay out unused vacation days. However, the Society for Human Resource Management (SHRM) [points out](#) that underuse is a common problem with unlimited PTO policies, so employers that adopt such a policy should be sure to encourage employees to take adequate time off to avoid burnout.

Promoting diversity and inclusion in your PTO policy

Many PTO policies in the United States favor employees who celebrate Christmas by giving all employees the day off, while forcing employees from other religious backgrounds to use vacation days to commemorate the holidays important to them. Employers can promote diversity and inclusion by offering a number of “floating holidays” each year that employees may use to make time for such celebrations. Floating holidays can be included in both traditional and all-in-one PTO policies.

Work from home and flexible work schedule policies

Now may also be a good time to update work from home policies and define flexible schedules. Based on the experience of adapting to remote work during the pandemic, many companies may find that they can offer similar flexibility on a permanent basis, even once it’s safe to return to the workplace. Combined with a flexible PTO policy, the ability to work where and when is best for each employee can also help attract top talent who look for these benefits when considering job offers.

Considering the increased demands on today’s employees, empathetic employers will want to offer as much flexibility as they can, while ensuring that goals can be met and that arrangements are fair for all employees. Putting flexibility on paper helps current employees and prospective employees see that yours is a workplace that values them and the commitments they have in and out of the office. And, as the numbers show, offering flexibility can go a long way in attracting and retaining employees.