Purchase PTO Frequently Asked Questions

Eligibility and Enrollment:

Q. Who is eligible to purchase PTO?

A. Benefit eligible employees who work 20 or more hours per week may buy up to 40 hours of future PTO each year. Eligibility for represented employees is subject to their collective bargaining agreement (CBA).

Q. When and how do I purchase additional PTO?

A. Eligible employees may elect up to 40 hours annually during the Annual Enrollment period. Employees on an approved leave of absence during Annual Enrollment may elect Purchased PTO upon return from an eligible leave.

Q. Can new hires purchase PTO during the plan year?

A. No, new hires may only elect Purchased PTO during Annual Enrollment.

Amount, Usage and Timing

Q. How much PTO can I purchase?

A. Eligible employees may purchase up to 40 PTO hours. Employees must use all accrued PTO before Purchased PTO can be used. Unused Purchased PTO will be paid out by the last pay period of the year in which it was purchased.

Q. When is Purchased PTO available for use?

A. Purchased PTO is available at the beginning of the plan year, but can only be used after accrued PTO has been used.

Q. Where can I see my Purchased PTO balance?

A. Employees will see their Purchased PTO in Timekeeping on the Employee Information tab and on their pay stub.

Q. How do I use Purchased PTO?

A. Once you've exhausted accrued PTO, you can use Purchased PTO subject to manager approval laid out in USHR-3-41.

Q. How do I record Purchased PTO on my timecard?

A. Purchased PTO is not recorded with a separate absence code. Employees will use the same PTO absence code (for example, XPT or PTO) that they currently use on their timecard.

Q. Does Purchased PTO affect my PTO balance or cap?

A. No. Purchased PTO is tracked separately and does not affect the balance nor max cap of normal accrued PTO.

Q. Is Purchased PTO a separate pool of time off?

A. Yes. Purchased PTO is in a separate bucket from the employee's accrued PTO.

Q. Does Purchased PTO have to be used at a specific time of the year (ex. Q1, Q2, Q3, Q4)?

A. Yes, any Purchased PTO not used by November 30 will be refunded in early December.

Pay Deductions

Q. How does Purchased PTO get deducted from my paycheck?

A. Payroll deductions are spread across eligible pay periods to account for the repayment of any Purchased PTO as of November 30.

Q. At what rate is the PTO purchased? Does it change throughout the year if there are rate changes?

A. Purchased PTO is bought at the pay rate in effect at time of election.

– If an employee receives a pay change later in the plan year and then uses their Purchased PTO (after exhausting their accrued PTO), those hours are paid at their then current pay rate.

– If the Purchased PTO is paid out, it is paid out at the rate at which it was bought.

Q. How is Purchased PTO taxed?

A. Purchase PTO is a pre-tax benefit that will reduce Federal, State, Medicare, and Social Security taxable wages and applicable retirement savings when purchased. When Purchased PTO is used (charged) or repaid at the end of the year, those amounts are treated as taxable income and subject to applicable taxes.

Q. Will I be taxed when Purchased PTO is used?

A. Yes. When an employee uses their Purchased PTO, the pay received for those hours is taxed as normal in accordance with their W-4, benefit elections, and applicable law.

Q. Will there be any deductions from my Purchased PTO refund?

A. Yes, any unused Purchased PTO that is refunded will be considered taxable earning subject to applicable withholding and deductions. Refunded PTO is subject to all applicable tax withholding and other deductions.

Q. What happens to my paycheck deductions if my pay rate changes?

A. Paycheck deductions for Purchased PTO are based on employees' rate of pay on October 1 of the election year or the pay in effect at the time when you return from leave.

Q. If I don't use my Purchased PTO, will my deductions be refunded to me?

A. Yes, unused Purchased PTO is paid out to employees at the rate they elected it on October 1 of the election year or the pay in effect at the time when you return from leave.

Compliance Considerations

Q. Why do I have to use all accrued PTO before I can use Purchased PTO?

A. IRS rules require all accrued PTO be used before any Purchased PTO.

Q. Why can't I carry over Purchased PTO into the next year?

A. IRS rules prevent Purchased PTO from being carried over from one year into the next.

Q. Can I donate Purchased PTO?

A. Per IRS rules, employees may not donate Purchased PTO.

Employment Changes and Other Programs

Q. What happens if I term or laid off before I had a chance to use Purchased PTO?

A. Employee will be paid out what they've paid for any purchased, unused hours.

Q. Am I eligible for PTO donations or Borrow PTO if I have Purchased PTO?

A. You must use your accrued and Purchased PTO before you would be eligible for PTO donations or Borrow PTO.

Q. Why can't I just take unpaid time off in lieu of purchasing PTO?

A. Employees may use unpaid time off according to the unpaid time off policy USHR-3-41.

Program Frequency

Q. Can I purchase PTO year over year or is there a limit?

A. Yes, PTO can be purchased each year but cannot be carried over year over year, it resets each year.

Manager Guidance

Q. Am I responsible for ensuring my employee uses all normal accrued PTO before Purchased PTO?

A. No

Q. Can my manager prevent me from using Purchased PTO?

A. Purchased PTO has the same guidance and considerations as normal accrued PTO as documented in USHR-3-41.

Q. Would I have to approve Purchased PTO separately?

A. No, you will approve the timecard as normal.