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AllinaHealth 

## **Paid Time Off Purchase – Answers to Your Questions**

*Updated Oct. 14, 2021*

### **1. What is Paid Time Off purchase?**

Starting this fall, eligible employees will be able to buy up to 40 hours of PTO for the following year. This opportunity will be offered each year during Benefits Enrollment. For 2022, eligible employees can purchase up to 40 hours of PTO pretax, which will be available for use effective Jan. 1, 2022.

### **2. What are some examples of when I would use purchased PTO?**

- An employee plans to take time off to care for their kids over winter break and will exhaust their PTO bucket to do so. They have also planned for a spring break trip and need additional days to cover the vacation.
- An employee is planning on taking maternity leave during the year and plans to use PTO to supplement their disability pay and ensure they have time off for appointments and care for a young child.
- An employee has little PTO to carry over to the next year and is planning an extended time off in January.

### **3. Who is eligible to buy PTO?**

Eligible employees include:

- Non contract exempt and non-exempt staff that are eligible for PTO (excluding managers and above)
- Unions groups that are eligible for PTO: United ADIT Residual PTO, Regina MNA, Buffalo Local 70 and District One MNA.

Employees who become ineligible for PTO purchase because they leave the organization or switch jobs where their PTO plan is no longer eligible for the benefit will be cashed out at the price you purchased your PTO and will be taxed.

### **4. I am a multi-unit employee. Am I eligible for the PTO purchase program?**

If you are a multi-unit employee, and both of your positions are non-contract and eligible for the benefit, then yes, you are eligible. If you are a multi-unit employee, but your primary role is a contract position, you are not eligible for the program.

**5. How much does it cost to buy PTO?**

The cost for one hour of PTO in 2022 will be based on your current pay as of Oct. 1, 2021. Any purchased PTO will be deducted from your paychecks in equal increments and spread across all pay periods in 2022.

Example of purchased PTO calculation:

- Full-time employee (1.0 FTE) with an annual salary \$60,000 (\$28.85/hour) as of Oct. 1, would pay \$28.85 for each hour of PTO purchase.
- If 8 hours of PTO were purchased and there were 26 pay periods in the year, the cost per paycheck would be \$8.88 per paycheck.

**6. How many hours of PTO can I purchase?**

Employees may purchase up to 40 hours in one-hour increments.

**7. Can I use just 15 minutes of purchased PTO?**

Yes, employees can use their purchased PTO in any way that they can use accrued PTO. Just remember, you must use any accrued PTO first, before using purchased PTO.

**8. When can I buy PTO hours?**

Employees can purchase PTO hours during Benefits Enrollment each year. PTO purchase election is not allowed outside of that period.

**9. How will I be able to use my purchased PTO next year?**

Per IRS guidelines, all of your accrued PTO must be used before you can tap into your purchased PTO.

To use purchased PTO:

- First, confirm your accrued PTO bank is at zero hours prior to selecting any purchased PTO in Kronos.
- Next, enter your purchased PTO in Kronos and you will be paid at the value of your hourly rate (as of Oct. 1, 2021).

**10. What happens to my purchased PTO if I do not use it next year?**

If purchased PTO is not used, it will be cashed out at the end of the year. Employees must use the purchased PTO within the year it was deducted from their paycheck. Unused purchased PTO will be cashed out each Dec. 31 at the price you purchased it, and will be taxed.

**11. Do my purchased PTO hours roll over into the following year?**

No. Employees must use purchased PTO hours by Dec. 31. Any unused purchased PTO will be cashed out at the price you purchased it and will be taxed.

**12. Can I use purchased PTO hours first for time off? Or do I need to use PTO hours that I have accrued first?**

Employees are required by IRS rules to use accrued PTO before they can use any purchased PTO hours. Make sure your accrued PTO bank is zero before you select purchased PTO in Kronos.

**13. How many check deductions will be used to pay for PTO purchase hours elected?**

Your deductions will be taken over the course of 26 pay periods.

**14. How can I calculate and forecast my biweekly deductions?**

First, determine your pay rate as of Oct. 1, 2021, by reviewing your Oct. 15 paycheck in Workday (for pay period 9/25/2021 through 10/8/2021). Your hourly pay rate is reflected within the earnings section of your paycheck under column titled "Rate." There will be 26 paychecks issued in 2022.

You may use this formula below to calculate your 2022 pretax biweekly payroll deduction:

- $[\text{Hourly pay rate as of 10/1/2021}] \times [\text{purchased PTO hours}] / 26 = 2022 \text{ pretax biweekly payroll deduction}$

Example of PTO purchase calculation:

- If a full-time employee (1.0 FTE) with an annual salary \$60,000 (\$28.85/hour) as of Oct. 1, 2021, purchased 8 hours of PTO, their 2022 biweekly pretax payroll deduction would equal \$8.88, as shown below.

$$\$28.85 \times 8 / 26 = \$8.88 \text{ 2022 biweekly pretax payroll deduction}$$

**15. Can I reserve purchased PTO while out on leave?**

Employees may reserve up to 40 hours of Purchased PTO for when they return from leave if their accrued PTO balance is exhausted. If your accrued PTO is not exhausted, you cannot reserve more than 40 hours of a combination of your accrued PTO plus purchased PTO.

**16. Am I required to use my purchased PTO while out on leave?**

No, you are not required to use your purchased PTO while out on leave.

**17. If I am out on leave do I have to use all of my accrued PTO if I want to reserve my 40 hours of purchased PTO?**

Yes, you must first exhaust your accrued PTO in the event you want to reserve 40 hours of your purchased PTO.

**18. What happens to my purchased PTO if I become ineligible for PTO or switch to a PTO plan that makes me ineligible for PTO purchase?**

Employees who become ineligible to PTO purchase will be paid out any dollars they have paid in. Purchased PTO will be cashed out when you become ineligible at the price you purchased it and will be taxed.

**19. What happens to my purchased PTO if I leave Allina Health?**

Purchased PTO will be cashed out when you leave Allina Health at the price you purchased it and will be taxed.