Paid Time-Off Policy Checklist

There are many factors to consider when creating a paid time-off policy. Use this comprehensive checklist to help you develop and implement a PTO policy that's right for your organization.

Culture and Finance

Question	Yes	No
Does your organization prioritize work-life balance and flexibility?	Consider flexible time-away policies paired with minimum-usage requirements, vacation bonuses and leader-modeled time-off habits.	Ensure expectations around maximum usage and approval criteria are clear. Tie PTO to whatever your organization values (tenure, KPIs, etc.).
Is keeping some PTO liability off the books a priority?	Unlimited PTO with no set balance helps. This may be a good fit for your organization if your answer to the first question was "yes."	Identify other financial priorities your organization might have related to PTO, if applicable.

Compliance

Question	Yes	No
Do you use PTO as an incentive for high performers?	Ensure performance tied to PTO is well-documented so employees easily can see how to earn the time. Build rules if this differs from other forms of PTO.	You may maintain the status quo.
Do you have employees working in locations that require separately tracked paid sick leave?	Implement software that separates sick time from general PTO. Consider making the policy standard companywide, even if the compliance aspect affects only part of your workforce.	Choose the best configuration of PTO and sick time for your team. Ask your employees, do market research and consider your business strategy to determine whether having PTO in one bucket makes sense.
Does your employee head count trigger additional paid and/or unpaid protected leave entitlements?	Communicate all necessary changes to your teams, codify additional leave with specific requirements around each leave type and build a corresponding module in your HRIS system to accommodate your new policies.	Maintain the status quo, but stay aware of laws in the regions you have employees, as you may be compliant in one place, but not in others.
Are employees who perform the same work receiving equal time-off benefits?	Your policy may help with pay equity requirements, and the perceived fairness of your policy might foster a greater level of trust from employees. Continue to monitor PTO as part of employees' total compensation package.	You may be at risk of discrimination claims. Assess the causes of these differences and consider shoring up PTO so employees receive equal benefits for equal work.
Do your employees' work jurisdictions require unused PTO to be paid out to clear it off the books?	Effectively communicate your policy so exiting employees understand what is included in their final pay.	The organization may choose whether to pay out unused PTO, if the PTO is not "unlimited" and has a balance.

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Operational

Question	Yes	No
Does your vacation policy need to account for blackout periods?	Assess your scheduling needs with a focus on busy seasons or variable labor needs. Create and clearly communicate a policy that includes blackout periods that do not allow employees to request time off during these times.	Make sure your policy guards against excessive PTO overlap that causes understaffing and/or business interruptions.
Does your holiday pay policy account for different scheduling scenarios?	Build your policy within your HRIS system so employees are compensated for the time they work on holidays or shifts with special considerations.	Consider adding holiday pay for shifts during certain times of the year, particularly events or less desirable shifts. This may encourage employees to pick up these shifts, improve morale during the shifts and help protect your business from labor deficits.
Should employee vacation be awarded based on criteria such as first come, first served, prior request amounts and frequency?	Advanced time-off software like Paycom's GONE™ support rules-based requests. Build rules that allow employees to see if their requests are likely to be approved or denied. Managers can easily see leave-request data, including frequency, where requests overlap and who requested it first.	PTO is a form of compensation and should be applied fairly and equally. If this is not a concern, build a straightforward policy that gives time off to anyone who requests it.
Do multiple people need to approve these time-off requests, or do you need different approvers for different time-off types?	Create the correct approvals tree within your HRIS system. Communicate the policy so employees know exactly who oversees their leave requests.	Assign single approvals with the system you use. Ensure that if the approver is out of the office, your employees know who they can ask instead.
Should employees be able to appeal PTO decisions?	Ensure employees understand policy rules and can see their time-off history. Managers who have denied a PTO request must clearly communicate reasons to the employee when the decision is made. Advanced, employee-focused PTO systems allow employees to appeal or resubmit requests.	Employees may attempt to resubmit their PTO request, but decision-makers must communicate their rationale and decision criteria.
Should managers be able to override policy settings?	PTO policies are typically designed very intentionally and should be applied consistently to avoid policy violations or compliance issues. Managers who can override PTO settings should explain their rationale and document it in the HRIS to help avoid discrimination allegations.	Configure your PTO platform so to the policy can't be overridden.

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